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NEWS SUMMARY

GENERAL

Further Zaire attacks feared

Diplomats in Zaire fear that Katangese rebels may launch another attack in Shaba province, following the French announcement that 600 legionnaires are to be pulled out within 36 hours.

Between 150 and 300 rebels are feared to be waiting to move back into the copper town of Kolwezi when the legionnaires leave. France says 100 Moroccan soldiers have arrived to reinforce the garrison there.

The French Embassy has not commented on the decision to remove the troops but military sources believe that it is because the soldier have not proved very effective in finding the remaining rebels. Back Page

South Africa code advice

British companies with interests in South Africa should be seen to maintain best employment practices, says the White Paper setting out a code of conduct for such companies.

The code urges companies to improve minimum wages, allow trade union rights, alleviate the effects of the migrant labour system, give equal pay for equal work, abolish segregation and ensure equal working conditions, and interest themselves in employees' living conditions. It also asks companies not to act contrary to South African law. Back and Page 4

Turkish talks

Turkey and the EEC are to seek a rapprochement by holding regular talks on political and economic questions. Mr. Bulent Ecevit has stressed that his country does not wish to impede negotiations on Greece's application for EEC membership. Page 2

Nimrod complaint

British Aerospace held a Press conference in The Hague yesterday to attack "incorrect and misleading" details released by the Dutch Government about Nimrod aircraft prices, performance and delivery dates. In London, British Airways told an international conference that potentially lethal household items were escaping security checks and threatening passenger safety.

Maoris evicted

New Zealand police arrested 218 Maoris after a three-hour operation to remove them from ancestral land designated for housing development. Troops later demolished shanty homes on the site. Page 3

Settlement block

Israeli Defence Ministry was ordered yesterday by the supreme court to suspend development of a Jewish settlement on the West Bank. Arab villagers had told the Tel Aviv court that their land had been expropriated.

Briefly . . .

A thousand tonnes of beef from the EEC "meat mountain" is to be sold at half price to hospitals and residential homes.

Sanjay Gandhi was ordered to face trial for refusing to give evidence to the Shah Commission's inquiry into constitutional abuses during the Indian emergency.

The Prime Minister has sent the Scottish World Cup team a telegram wishing them good luck in Argentina. "The whole of Britain will be cheering for you," he said.

Security barriers sealing off the centre of Londonderry were opened for the first time in seven years.

The wreck of the Eleni V is to be towed to Dunwich Bank to be pumped dry.

Pub opening hours should be more flexible, the National Union of Licensed Victuallers decided at its Brighton conference.

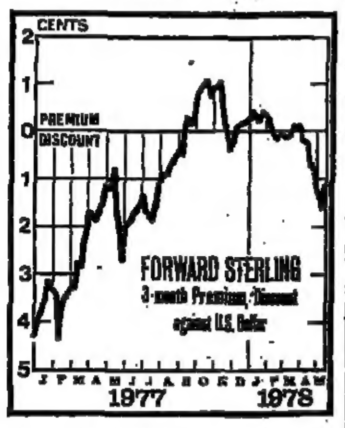
BUSINESS

Equities up 3.5; Gilts subdued

● EQUITIES edged forward, helped by interest in Courtaulds and ICI. The FT ordinary index closed 3.5 u pat 477.5.

● GILTS were subdued by the lack of hoped-for financial measures in Mr. Healey's letter of intent to the IMF, and the Government Securities index rose only 0.05 to 70.47.

● STERLING rose 10 points to \$1.8135. Its trade-weighted index eased to 61.5 from 61.6 and the dollar's depreciation



widened to 4.95 per cent (4.74), as the U.S. unit lost ground against most currencies.

● GOLD lost \$1¾ to \$178⅜ in London.

● WALL STREET was 3.39 down at 834.63 just before the close.

● GKN is likely to fail in its attempt to secure the contract to build a £190m car factory in East Germany. Citröen is expected to be awarded the contract. Page 6

● WHITE COLLAR members of the engineering union are holding out for separate identity within the four sections of the AUEW, a decision which may complicate AUEW attempts to merge with the Electrical and Plumbing Trades Union. Page 10

● LORRY DRIVERS' shop stewards, representing nearly 2,000 haulage companies in London and the south east are to stage a series of one-day strikes in a dispute over meal allowances. Page 10

● UK OUTPUT of gas, coal and oil is increasing, strengthening Britain's energy reserves, according to the Government's latest energy statistics. Page 9; Energy Review Page 7.

● MULTINATIONAL companies regard Britain as the most popular country in Europe for setting up regional offices, according to a Trade and Industry report. Back Page

● DELAYS in building nuclear power stations are adding £350m a year to the nation's electricity bill, the CEGB estimates.

● TRUST HOUSES FORTE'S application for a 12 per cent increase in hotel room prices is to be investigated by the Price Commission. Page 8

COMPANIES

● ICL pre-tax profits rose by £2.8m to £15.8m on sales of £232.1m (£187.8m) for the half year to March 31, and the outlook for the rest of the year is encouraging, says the chairman. Page 23

● BASS CHARRINGTON pre-tax profits for the 28 weeks to April 8 were £1.4m. ahead at £38.9m. Page 22

● HEPWORTH CERAMIC's £30m. bid for H. & R. Johnson-Richards Tiles is to be referred to the Monopolies Commission—a decision which came only a few hours before the offer closed. The offer now lapses. Back Page

● ENGLISH PROPERTY CORPORATION is holding discussions which may result in a takeover of the second largest property group in the UK by an unnamed Continental bidder. Back Page

Liberal withdrawal from pact brings election closer

BY RICHARD EVANS, LOBBY EDITOR

The Liberals have given formal notice to the Government that they will withdraw from the Lib-Lab pact at the end of the Parliamentary session, and will not enter into a third phase to ensure that Mr. James Callaghan's minority administration can continue safely into next year.

The announcement, made jointly yesterday by the Prime Minister and Mr. David Steel, the Liberal leader, brings significantly closer the prospect of an autumn general election. Favoured dates are October 5 or October 12, but a formal declaration is unlikely before mid-September.

The decision removes any remaining possibility of a summer election, despite continuing rumours, as the announcement clearly guarantees Liberal support for the Government in any motion of no confidence launched by the Conservatives this session.

The present session will continue to the end of July, or to October if there is any need for a "spillover" to complete Government business.

The declaration of Liberal independence, which followed a meeting between Mr. Callaghan and Mr. Steel earlier this week, came as no surprise to the Premier.

He could have had little expectation of extending the pact to cover the Queen's Speech and another Parliamentary session, as he is in no position to deliver the minimum package Mr. Steel would demand, a national referendum on proportional representation and a form of PR for the Scottish Assembly.

Mr. Callaghan will have to make a judgment, between July and the early autumn, on whether to go for an October election or to follow his personal inclination and try to hold out until next spring. His only chance of doing so would be to secure an agreement with the Ulster Unionists.

But as well as the Parliamentary arithmetic (the Government is in an effective minority of ten, with the possibility of retaining three by-election seats) crucial economic factors, including inflation trends later in the year and money supply, also seem to be impelling him towards the autumn.

Because of continuing Liberal support until July, he will be able to ensure that the Government's devolution measures for Scotland and Wales are steered safely on to the Statute Book this session.

The loss of the Scotland Bill for the second successive year would have dealt Labour's electoral prospects in Scotland a heavy blow.

On October election would mean postponing a referendum on the devolution proposals, but Ministers do not believe this will be too damaging. They say that the vital factor is to pass the legislation and guarantee that the referendum will be held.

Mr. Steel decided to announce withdrawal from the pact, which has propped up Mr. Callaghan's Government for more than 14 months, to meet the wishes of the majority of the 13 Liberal MPs and most of his party's rank-and-file.

The Liberal Party will seek to re-establish its independence and its own identity before a General Election, after a long series of poor by-election results.

Mr. Steel would personally have liked to try ot re-negotiate the pact, but the Prime Minister showed no sign of being able to meet his minimum requirements, and there was no meaningful neogtiation. The Liberals will play no part in consultations on the next Queen's Speech.

The Liberal leader still hopes for another hung Parliament after the election, so that the Liberals could drive a hard bargain, particularly on electoral reform, before deciding which party to back.

The signs are that Mr. Steel would have farm more chance of reaching an agreement with Labour leaders than with the Conservatives.

Tory leaders were scathing last night about he Liberal tacic of

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Politics Today Page 21

IMF and Egypt in talks on \$750m credit

BY ROGER MATTHEWS CAIRO, May 25.

DETAILS OF a vital three-year International Monetary Fund standby credit for Egypt are now being hammered out in a series of meetings between Government Ministers and a Fund team visiting Cairo.

A successful end to the talks, understood to involve the provision of the equivalent of \$750m in Special Drawing Rights, would pave the way for a further injection of balance of payments support funds from Saudi Arabia, Kuwait, Qatar and the United Arab Emirates.

Dr. Hamid El Sayeh, Minister of the Economy, is to visit each of the four countries next week in an effort to co-ordinate policy before the important meeting of Egypt's principal creditor nations, scheduled for Paris in the middle of June.

Egypt's external payments position has improved significantly during the past 12 months, mainly because of oil exports and a steadily increasing flow of workers' remittances from abroad. But its deficits over the next three years are likely to total in excess of \$2bn.

Apart from the Fund support, it must therefore be looking for at least a further \$1.3bn.

Negotiation over the letter of intent, to be signed with the Fund, centres on measures to halt the rising inflationary trend, further to reduce the balance of payments shortfall, and to limit the Budget deficit.

They also involve broader policy issues related to Egypt's attempt to reform its economic system in line with the programme to attract increasing foreign investment.

It is expected that the fund will insist on a comprehensive statement of intent for the first year of the standby credit and only slightly less precise terms for the succeeding two years.

After the food price riots of January last year, when the Government abruptly attempted to remove subsidies from certain essential commodities, President Sadat and his Ministers have become extremely wary of the public's reaction to economic reform measures.

Mr. Sadat's present crackdown on his more vigorous political opponents may be in part due to the realisation that further uncomfortable doses of economic medicine will have to be swallowed later this year.

Awareness is growing among some Egyption officials that continuing support from the General Organisation for the Development of Egypt, the four main Arab creditor nations, is now almost conditional on a satisfactory conclusion to the Fund talks.

Although political considerations ensure that Saudi Arabia will not abandon President Sadat, the Saudis have let it be known that they wish to see a much stricter programme of economic control in Egypt and assurances that greater efforts will be made to achieve stated objectives.

ICI and Courtaulds profits fall

BY KEVIN DONE, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries and Courtaulds both reported substantial falls in pre-tax profits yesterday. But the signs are emerging that the worst of the chemicals recession is past and that the industry is beginning a slow recovery.

ICI's pre-tax profits fell by some 20 per cent in the first three months of the year compared with the same period in 1977, while Courtaulds reported a £27m profits fall for the year to the end of March.

The ICI results, however, were a substantial improvement over the final quarter of 1977 and proved a pleasant surprise for the City. The ICI share price moved up 10p on the day, closing at 388p. Courtaulds, which opened at 123p, ended the day at 126p.

But much of ICI's recovery is explained by the movement in the value of sterling, which

Results Page 23 and 24
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accounted for more than half of the improvement in group profits up to £112m compared with £69m in the last quarter of 1977 (£141m in the first quarter). The rest was due to a modest improvement in trading performance in the UK and continental Western Europe.

Judged against the bleak results of the second half of 1977, yesterday's results from ICI show that the recession has bottomed out.

Courtaulds has also suffered over a full year from a severe fall in export competitiveness owing to the rising value in sterling. Exports from the UK dropped from £404.8m in the year to the end of March, 1977, to £388m in the last 12 months. For the first time last year it made a loss in acrylic fibres and it suffered a sharp downturn in its cellophane packaging business.

Meanwhile Beecham yesterday reported a 20 per cent increase in group sales for the year to the end of March and a 12.6 per cent rise in pre-tax profits.

Healey seeks standby extension

BY DAVID FREUD

THE UK has asked the International Monetary Fund to extend for seven months its right to draw on the \$4.1bn standby credit originally negotiated 16 months ago.

Mr. Denis Healey, Chancellor, told the Commons that he had written to the Fund reaffirming targets laid down in the Budget. These were for a public sector borrowing requirement of £8.5bn. in 1978-79 and domestic credit expansion of £6bn.

The Budget forecasts have been converted into ceilings. In answer to a Parliamentary question, Mr. Healey said: "I have reasserted my determination to observe these limits."

He added that he would watch the growth of the borrowing requirement closely throughout the year. "If at any time it should prove necessary to take corrective action to maintain the £8.5bn limits, as a result of the Opposition's amendment to the Finance Bill, or for any other reason, I shall not hesitate to do so."

Capital spending by manufacturing industry slipped back in the first three months of the year after the encouraging rise in the second half of 1977. Back Page

Mr. Healey's new letter of intent to the Fund, published yesterday, expressed the limits in more vague terms.

It said: "These amounts are adequate to achieve the desired economic recovery and to meet the prospective financial requirements of industry for investment and expansion."

Mr. Healey's announcement follows consultations with an IMF team in London last week. The new letter—which consists of a single paragraph—must be approved by the Fund's Board before the extension to January 2 can be granted.

However, since the Chancellor's proposals remain in line with the guidelines of the original letter sent at the end of 1976 and the subsequent one sent in December, extension is likely to prove a formality.

Mr. Healey also told the Commons that the Government remained determined to keep sterling M3 growth in the year to mid-April 1979 within the 8 to 12 per cent target range announced in the Budget.

Text of letter Page 10

£ in New York

—	May 24	Previous
Spot	\$1.8120-8127	\$1.8095-8105
1 month	0.51-0.47 dis	0.53-0.47 dis
3 months	1.50-1.45 dis	1.45-1.55 dis
12 months	5.95-5.85 dis	5.95-5.75 dis

Bank alters formula for lending rate

BY MICHAEL BLANDEN

THE Bank of England yesterday abandoned its market-related formula for determining the official Minimum Lending Rate and pagged the rate at its present 9 per cent.

The level of MLR will no longer be fixed by the formula linking it with the rate on Treasury bills at the Friday tender, which has been used for the last 5½ years.

Instead, it will be determined by administrative decision, and any changes will normally be announced at 12.30 on a Thursday.

Achieve

The change reasserts the Government's direct control over the key money market rate, and represents a partial reversion to the old Bank rate sysem superceded by the formula in October 1972.

The Bank said the rate would remain at 9 per cent until further notice. It was clear that, while the rate could be changed next week, the authorities hoped to hold the level of interest rats down for some time and achieve a period of stability after recent uncertainties.

If successful, this policy will help building societies resist pressures for a renewed increase in mortgage rates, a politically sensitive issue for the Government.

MLR has already risen by 2½ per cent since last month's Budget, and in the past two weeks, there have been continuing suggestions in money markets that it could rise significantly.

The announcement yesterday helped to bring calmer conditions in the markets. The apparent intention of keeping rates steady was supported by a move by the Government broker to activate the official short-dated tap stock, issued last week.

Renewal

The authorities sold a significant amount of this stock at a price of £93¾ per cent, compared with the issue price of £94¾ per cent.

This followed sales of the long-dated tap stock earlier in the week, and indicated a renewed effort to achieve substantial funding of the Government's borrowing requirement.

At the same time, official supplies were finally exhausted of the Government's variable rate stock. A total £400m of this 1982 stock was issued last July, the second experimental issue to test the market's appetite for this type of security.

The gilt-edged market was encouraged by the news yesterday, though prices slipped later after details of the Letter of Intent to the International Monetary Fund were released.

Short stocks ended with marginal gains, with the Financial Times Government securities index up by 0.05 at 70.47.

The Government's decision to change the arrangements for deciding MLR clearly reflected the difficulties experienced with the formula in the past few years.

The Bank has often been forced to intervene in the market to ensure that official intentions were observed.

Intervention has included operations in the money market and more direct methods, such as suspending or overriding the formula.

The Treasury stated that, since the authorities already in practice bore the main responsibility for the level of MLR "the Chancellor has concluded that the proper course would be to recognise this explicitly."

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The Chancellor had therefore approved the Bank's proposal to change the system. The market-related MLR system, introduced by the Conservatives had generally worked reasonably well.

No intention

But experience, particularly during the last year, had shown that "the very close and automatic link with the Treasury bill discount rate can, on occasion, lead to undesirable erratic movements in interest rates and to confusion as to the views of the authorities."

The Treasury and the Bank stressed, however, that there was no intention of returning to the rigidities of the old Bank rate system, when changes were made only very rarely and with the maximum of drama.

The rate would continue to be adjusted flexibly, taking account of market developments.

In the discount market, most directly affected by the technical changes in the system, the news was generally received favourably.

It was felt that the change would remove most of the uncertainties which have affected the market, and would free Treasury bill rates to return to a more normal historical relationship with other market rates.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. Var. 1982	£95¼	+ ¼
Bass Charrington	170	+ 5
Brown (J.)	372	+ 6
Cap. Cnty. Laundries	148	+ 97
Carpets Intnl.	53	+ 3
Costain (R.)	290	+ 8
English Prop.	41	+ 3
Freemans	322	+ 6
GKN	270	+ 6
Henlys	132	+ 5
Henshall (W.)	27½	+ 6½
Hepworth Ceramic	85	+ 5
Hickson and Welch	223	+ 15
ICI	388	+ 10
Linfood	138	+ 10
London Brick	71½	+ 4
Marks and Spencer	143	+ 4
Norwest Holst	96	+ 7
Rotaflex (GB)	55	+ 5
Wettern Bros.	95	+ 27
Siebens (UK)	444	+ 14
Conzinc Riotinto	243	+ 17
Metals Exploration	37	+ 10
MIM Hldgs.	210	+ 6
North Broken Hill	114	+ 6
Pancontinental	£13¾	+ ¾
Paringa	20½	+ 3
Tanganyika	162	+ 7
Whim Creek	70	+ 10

FALLS

Assed. Engineering	115	− 6
Avon Rubber	183	− 5
Caravans Intnl.	75	− 6½
Furness Withy	271	− 8
Gomme Hldgs.	72	− 3½
Heath (C. E.)	278	− 10
Howden (A.)	165	− 13
Johnson-Rchrds. Tiles	105	− 29
Minet Hldgs.	192	− 11
NatWest	272	− 6
Sumner (F.)	14½	− 2½

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FEATURES

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GREEK-TURKISH RELATIONS

The thaw proves short lived

BY DAVID TONGE

THE MONTREUX meeting between the Greek and Turkish Prime Ministers seemed to augur a thaw in relations between the two quarrelsome neighbours. Two months later, as Mr. Constantine Karamanlis and Mr. Bulent Ecevit prepare to meet again at the Nato summit in Washington next week, it seems that little survives of the Montreux spirit, and that NATO has scant cause to cheer.

The only glimmer of hope comes from the latest suggestions in New York by the Turkish Cypriot leader, Mr. Rauf Denktash, that his side may be more flexible than its initial proposals indicated. It remains to be seen whether these provide as much ground for optimism as the U.S. State Department is claiming.

Meanwhile, the misunderstandings over the Aegean are as intense as ever. For the moment, Ankara is frustrated, Athens is gloomy and the West is disturbed.

British suggestions that after the probable accession of Greece to the EEC Turkey should be involved in the Community's mechanism of political consultation serve to underline how the Greek-Turkish quarrel has long affected Europe in general.

A century ago the Western powers were pressing the Ottoman state to settle its problems with Greece. Today, in its modern form, the Eastern Question lives on. For NATO it is crucial. Despite the various commando regiments belonging to Turkey's Aegean army and Turkey's 80 landing craft in the gulf of Izmir the prospect of war between the two countries seems remote. But the whole of the alliance's south-eastern flank is influenced by their quarrels.

Turkey's present rulers may have no intention of leaving NATO but the problems caused by the U.S. Congress's refusal to lift the 1974 arms embargo on Turkey make Ankara increasingly truculent. Even the few NATO and U.S. bases that still function in Turkey may be closed, the Turks say. Changes to NATO's command structure, are due shortly. Originally Greek and Turkish forces were linked to the NATO command in Naples through an American general based in Izmir. From July 1 next the Izmir headquarters will be under a Turkish general and will control only the Turkish forces.

Now the Greeks are discussing with NATO a parallel arrangement, with a command under a Greek general to be based in Larissa or Salonika and to be directly linked to Naples. NATO experts say that 41 points are being dealt with, including the question of the reopening of the seven NADGE (NATO air defence radar) stations in Greece, ensuring proper communications on NATO's land link through Greece to Turkey and Greek participation in NATO manoeuvres. The Greek Minister of Defence, Mr. Evangelos Averof-Tossitsa, says "Our negotiations with the NATO technical group have been progressing very smoothly." Other Greek officials say that they would like to see the Greek command operational early this summer. They complain of Turkish "obstructionism," in particular in the vexed matter of allocating NATO responsibilities in the Aegean.

Here the roots of the problem are two-fold. On the one hand, after centuries of quarrels and 100 years during which the modern Greek state was hacked piece by piece from the body Ottoman, the Greeks and Turks now find themselves within the same alliance.

On the other, 30 years of *status quo* in the Aegean is now being brought into question by the Turks. The 1947 Paris Treaty which took the Dodecanese islands from a defeated Italy and gave them to Greece altered the whole balance established by the Treaty of Lausanne in 1923. At the time the Turks did not object, though today their Minister of Defence, Mr. Hasan Esat Isik, while stressing that the Turks have no territorial ambitions, says that the allies, frightened of a possible success of the Greek left in the civil war situation of the time, wanted to help the Greek government of the day.

Mr. Isik does challenge the subsequent division of responsibilities in the Aegean. Originally NATO had made Turkey responsible for the Black Sea and Greece largely responsible for the Aegean. Now Mr. Isik says that there must be a return to the overall balance of rights and responsibilities which existed before the two countries joined the alliance. The Greeks say that their request for a clarification of this point has not been answered.

The Greeks have a deep fear that changes in the Aegean will lead to their islands there first being surrounded by a zone of exclusive Turkish strategic and economic influence and then withering, before dropping into Turkish hands. Such fears lie behind their concern at Turkey's claims to parts of the Aegean continental shelf and air traffic control area which Greece considers its by right.

For their part the Turks worry that at some future date some reckless Greek government might seek to use the "rights" created by ownership of the islands to interfere with the sea links between Istanbul and Izmir, or, more generally, Turkey's access from its western coast to the open seas. That could happen if Greece extended its territorial limit from six miles, as it is today, to a uniform 12 miles though the Greeks recognise the need to keep the Aegean open.

For the present the airspace between the two countries remains closed: Turkey has rejected Greek suggestions of an independent review of this and of the division of the continental shelf.

The Aegean problem now has the greater potential for trouble but the Cyprus dispute too is far from resolved. One senior Greek official says of the Turkish Cypriots' initial proposals that "if you changed the country to Rhodesia, the proposals would mean the whites having permanent veto power. None would accept this." But the Turks, too, feel aggrieved. They argue that the proposals presented at Vienna were only a beginning. They criticise the UN Secretary General, Dr. Kurt Waldheim, both for failing immediately to convene the Cypriot inter-communal talks and for allegedly releasing material given him in confidence.

But in particular Turkey's leaders resent the way in which Mr. Karamanlis has pressed for the U.S. Congress to maintain its embargo on Turkey. This, they say, is a betrayal of a tacit agreement they believed was reached at *Montreux*.

U.S. wants more Cyprus talks

UNITED NATIONS, May 25.

MR. CYRUS VANCE, the U.S. Secretary of State, was urging the Cypriot President Spyros Kyprianou today to agree to a resumption of inter-communal talks with Turkish Cypriots, UN officials said.

They said Mr. Vance would convey clarifications on Turkish Cypriot intentions obtained from the Turkish Cypriot leader Rauf Denktash yesterday. Mr. Vance was convinced that a rare opportunity existed for resuming productive inter-communal talks, the officials added.

The new diplomatic drive by the Carter Administration is aimed at Congress as much as at the Cyprus dispute. Officials are convinced that movement on Cyprus is a precondition for Congressional repeal of the 1975 arms embargo against Turkey. This is now a major Administration goal.

Greece and Greek Cypriots oppose repeal, and U.S. sources say they fear Mr. Kyprianou may prefer to stall talks than do anything that would ease repeal.

Earlier this week, the State Department warmly welcomed a conciliatory statement by Mr. Denktash and distributed copies of it to reporters. The Cypriot Government formally protested.

Mr. Denktash's statement represented a significant shift from proposals he tabled on April 13 and which the Greek Cypriot side rejected, the senior U.S. official said.

He cited three areas. Most significant was Mr. Denktash's willingness to allow 30,000 to 35,000 Greek Cypriots to move back into Varosha—the new part of the port city of Famagusta now under Turkish control—during negotiations.

He said Mr. Denktash now would be prepared to have Nicosia airport reopened under United Nations auspices for use by both Cypriot communities.

Finally Mr. Denktash said that if negotiations were under way he would be flexible on all issues—not only the territorial question but the constitution as well.

Turkish troops invaded Cyprus in 1974 and took control of 40 per cent of the island although Turkish Cypriots constitute roughly one-fifth of the population.

Mr. Denktash's April 13 proposals effectively would reduce Turkish control to only about 38 per cent, but his recent statement spoke of significant territorial adjustments. The U.S. official said this clearly meant a substantial return of territory.

Reuter

Ecevit and Jenkins meet over Greek application

BRUSSELS, May 25.

MR. BULENT ECEVIT, the Turkish Prime Minister, was holding talks today with EEC Commission President Roy Jenkins, the first high-level contact between Turkey and the Commission for 20 months.

Though no concrete results are expected from their meeting, the European Community is eager to keep relations with Ankara on a friendly basis in view of problems facing Turkey as a result of Greece's application to join the EEC.

There is no question of Turkey applying to join the Community, but the Turks are concerned about the effect on their country's economy and of its future links with the EEC of Greek membership.

Turkey's long-standing dispute with Greece, and the resulting effects on Turkey's position in NATO, are likely to influence Mr. Ecevit's meeting today with General Alexander Haig NATO's supreme commander in Europe.

Turkey's reaction to the American embargo on arms deliveries could, unless action is taken, weaken the alliance's southern flank.

Part of Mr. Ecevit's purpose in visiting Brussels on the eve of the NATO summit in Washington is to present his point of view and assess the reaction here to his Government's position on the Cyprus dispute and Turkey's position within the alliance before the summit, gets under way.

After meeting Dr. Joseph Luns the NATO Secretary-General yesterday, Mr. Ecevit said that Dr. Luns had shown great understanding for Turkey's recent problems in the alliance.

Reuter

Call for Turks' removal

BY OUR OWN CORRESPONDENT NICOSIA, May 25.

DR. FAZIL KUCHUK, a former Turkish Cyriot Vice-President of Cyprus, has called for the immediate "expulsion" of thousands of Turkish mainland settlers, saying they had turned the northern part of the island into "real hell."

In a bold attack on the Turkish settlers, Dr. Kuchuk wrote in his daily newspaper Halkin Sesi that "the sooner they are sent back to Turkey, the sooner the Turkish Cypriots will find tranquility."

He said some of those mainland Turks who moved to the northern part of the island in the wake of the 1974 Turkish invasion had come with good intentions, to help the Turkish Cypriots develop their economy. But included amongst them were "thugs, parasites, castaways, drug smugglers and rapists" who, he said, strangled people, robbed houses, kidnapped and assaulted local girls "and gave the most unabashed example of savagery."

The Turkish Cypriot leader, who was Vice-President from the time of the island's independence in 1960 until 1964, wrote: "We have been asking the authorities for years to do something about this matter. Nobody heard us."

Rain halts Rhine shipping

MANNHEIM, May 25.

ALL SHIPPING on the Rhine from Switzerland to Mannheim in West Germany was halted to-day as the river rose to near danger level after two days of torrential rain.

A spokesman at a special emergency centre set up at Karlsruhe said early this morning that the Rhine had reached a level of 8.44 metres, only six centimetres below the critical level.

In Mannheim, where authorities imposed the shipping ban from late last night, special security measures were in force and sandbags were piled up to protect several buildings. The rains, the worst in West Germany in 10 years, lashed the southwest on Tuesday and Wednesday, causing widespread flooding, disruption and cuts in electricity supplies.

Hundreds of people have been evacuated from their homes—and the Karlsruhe-Basle, Switzerland, motorway has been closed for two days.

Reuter

OECD urges Swiss to cut surplus by reflation

BY DAVID WHITE PARIS, May 25.

SWITZERLAND is urged to reflate its economy to reduce its large current account surplus in a report published by the Organisation for Economic Co-operation and Development.

The OECD recommends measures to stimulate domestic demand, which it says would be likely to trim the surplus. It expects this year's current account surplus to be SwFr 8.5-9bn, as compared with last year's estimated SwFr 8.5bn (about £2.37bn).

This was equivalent to 5.5 per cent of the country's Gross National Product, the highest percentage among the OECD's 24 members.

Although the Swiss economy is not among the world's biggest, "its current surplus represents an important element of the international payments disequilibrium," the OECD says. If Switzerland and other countries do not help create a better balance, it warns, some OECD members will reach their limits of indebtedness and protectionist measures will increase.

A reduction in the Swiss surplus would help control sharp fluctuations in exchange rates. The Swiss Franc has appreciated more than any other OECD currency over the past few years.

Fiscal measures, in particular, could be used to help boost domestic demand and investment, according to the OECD. It predicts slower growth of about 1.5 per cent in the Swiss GNP this year, compared with an official Swiss estimate of 2 per cent in 1977.

Improved business profits and lower borrowing costs should have a favourable effect on investment it says. But capacity use is still low, and export industry has to cope with the ever-appreciating Swiss franc.

But there are two aspects in which the exchange rate movement is likely to have a positive effect. One is in forcing companies to replace obsolete equipment and become more efficient.

The other is in keeping down Switzerland's remarkable inflation rate—1.3 per cent last year and forecast at around 1.5 per cent this year.

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Patronat plans minimum wage system changes

BY DAVID CURRY

PARIS, May 25.

THE FRENCH employers' organisation, the Patronat, has proposed to the country's unions substantial changes in the way wages and length of work are calculated.

The proposals are contained in letters sent by M. Francois Ceyrac, the head of the Patronat, to the five leading unions. They mark the beginning of the pay bargaining season after the preliminary contacts which have taken place since the general election.

The essence of the proposal on wages—which must conform to the Government's insistence that real increases should be confined to the lowest paid—is to get away from the system of basing pay on a nationally fixed minimum wage.

Instead, the employers are proposing that each sector of industry should negotiate a minimum total income taking into account basic salary, bonuses, paid holidays, and perks like the 13th or 14th month wages.

This minimum annual income would be guaranteed by all companies in the sector, but the level of the income would vary from sector to sector depending on its general health..

The existing minimum wage would remain as a residue marker for industries not belonging to any recognised sector. It would always be lower than the sectorial minimum.

On hours, the Patronat wants to introduce the notion of fixing the length of a working year, rather than to continue to focus on the length of paid holidays and of the working week. The target working year is 1,900 hours. Workers could still do more but would be compensated by additional time off.

Finally, the Patronat wants to revise the present system of unemployment benefits. At the moment workers who are made redundant for "economic" reasons—that is because their company can no longer keep them—are entitled to receive 90 per cent of gross salary for their first year out of a job.

This means that some workers, doing some casual "black" work on the side, can make more than their previous pay and they have little incentive to accept job offers which are not well above their unemployment earnings.

Workers not benefiting from the system, which is often negotiated between company and Government as cases arrive, receive considerably less. The Patronat would like to equalise unemployment pay at around 70 per cent. of previous salary for everyone.

It also argues that the Government should pay a greater proportion of unemployment benefits since progressively the burden has been transferred to companies.

The question of the working year and of unemployment benefit will be negotiated at national level and the Patronat hopes that the unions will soon agree to set up a working party to produce a basic document for discussion. Wage discussions will be held at sectorial level.

The employers hope that the talks will be concluded by the summer holidays.

Wheat pact talks

MANILA, May 24.

MR. ARTURO TANCO, president of the World Food Council, has accused the EEC of blocking the establishment of an international wheat buffer stock to obtain concessons from the U.S. on feedgrain imports.

Mr. Tanco, who is also the Philippines' Secretary of Agriculture, was speaking in an interview published here ahead of next week's Food Council meeting aimed at revising a strategy for food security.

Yuri Orlov appeals against his sentence

By Roger Boyes

DR. YURI ORLOV, the Soviet dissident sentenced last week to seven years in a labour camp and five years in exile, has appealed against his sentence, it was announced in London yesterday. The appeal was delivered in Moscow last Tuesday, according to Mr. John Macdonald QC, the British lawyer who drafted the document on behalf of Dr. Orlov.

The sentencing of Dr. Orlov, a physicist and a founder member of the dissident Helsinki group which monitors alleged abuse of human rights in the Soviet Union, has aroused widespread protest in the eWst.

Yesterday at a news conference to mark the end of the latest round of UK-Soviet trade talks, Mr. Vladimir Kirillin, a Soviet Deputy Premier, said the Western protests constituted an interference i n the affairs of the USSR and were based on "an incorrect understanding of the situation." Mr. Edmund Dell, Secretary of State for Trade, said there was no such misunderstanding but that Britain had to trade with states even if it disagreed with their policies.

The EEC yesterday issued a statement which condemned the sentence as incompatible "not only with the Final Act (of the Helsinki declaration) but also with detente." Other protests have come from the U.S. and, significantly, from West European Communists including the British, French, Italian and Spanish parties.

The appeal against Dr. Orlov's sentence claims the preliminary investigation and the judicial hearing were "one-sided and incomplete" and that there were "substantial violations of the Soviet Criminal Code." Dissidents have claimed that Dr. Orlov was continually interrupted during the trial and that he was barred from calling defence witnesses.

The appeal is expected to be heard in the next few weeks, possibly after the trial in the first half of June of two other Helsinki group dissidents, Mr. Alexander Ginzburg and Mr. Anatoly Scharansky. The two dissidents will probably, like Dr. Orlov, face charges of "anti-Soviet slander."

Mr. Macdonald said the trials of all three dissidents could substantially affect East-West relations. Some Western commentators believe the trials could influence Senate approval of a strategic arms accord between the U.S. and the Soviet Union.

● In Moscow, it was reported yesterday that Mrs. Orlov had been refused contact with her husband. She told Western correspondents that this was a violation of a Soviet law which allows close relatives of convicted prisoners to meet them after sentencing.

Barcelona lockout move attacked

By David Gardner

BARCELONA, May 25.

THE DECISION to impose a 24-hour lockout for each day lost through industrial action in the Province of Barcelona taken this week by SEFES, the Federation which represents employers from the Baix Llobregat, Catalonia's most important industrial area, has been widely attacked by not only trade unions, but also by other employers' organisations.

The lock-out move, which is without parallel elsewhere in Spain, follows mass strikes and demonstrations in Barcelona Province after negotiations had reached deadlock in the metal, textile and construction sectors, accounting for nearly three-quarters of the industrial activity in Spain's most developed region.

Local unions have scrupulously observed Government wage guidelines, and has staged their recent shows of strength—in the largest labour mobilisation in Catalonia in 15 years—in support of full union rights in the workplace and a "labour amnesty" for workers sacked for trade union activities.

The Fomento del Trabajo Nacional, Catalonia's most pretigious employers' organisation, has criticised SEFES for "slamming the door on all possibility of dialogue."

Local employers are divided into what the Catalan President of the Spanish CBI, Sr. Carlos Ferrer Salat, has described as "hawks" and "doves," with four different organisations lining up separately on each issue. SEFES is the more radical and the most vehemently opposed to the Government's Bill to formalise trade union rights.

Confrontations are predicted if SEFES posture is maintained, as the unions decide to go ahead with the 48-hour strike in the metal sector planned for next week. Strikes in this sector, which covers the engineering industry, have been attracting support beyond the confines of those factories directly affected by the yearly wage negotiations.

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Commission proposes tight budget for 1979

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, May 25.

THE EUROPEAN COMMISSION today proposed what it called a "tight and selective" EEC budget for 1979, which allots the biggest increases in spending to Community actions in the fields of energy, industrial re-organisation and fighting unemployment.

The total budgetary commitments proposed for next year are 14.7bn units of account (£9.8bn), 15.5 per cent more than the current budget. Appropriations for payment, or money actually disbursed during the year, are 12.1 per cent above this year's level at 13.9bn ua.

According to Mr. Christopher Tugendhat, the budget Commissioner, these are the smallest increases recommended for any year since 1975. He said that the overall rise would have been even less if EEC Agriculture Ministers had exercised greater restraint in the recent farm price negotiation.

As it is, spending on agricultural price guarantees, which accounts for the bulk of the EEC farm fund, is expected to rise by 10.5 per cent next year to 9.6bn ua and represents about 67 per cent of the total budget. But significant increases are also provided for spending on structural programmes in agriculture and fisheries.

Mr. Tugendhat said that in drawing up its proposals, the Commission had recognised the severe restraints imposed on national government expenditure policies at present. "It would be out of keeping with economic requirements to give the impression that we can pursue a more expansive spending policy at Community level than at the national level," he said.

As a proportion of total EEC gross national product the draft budget remains minute, at less than 0.9 per cent. But the Commission hopes that the admission of new EEC members and, perhaps, progress towards monetary union, will make it possible to present a budget big enough to have some redistributive effect by 1980 or 1981.

Proposals for spending in a number of categories are based on the assumption that the Council of Ministers will approve programmes already proposed by the Commission but on which no action has so far been taken. Thus much of the spending on energy, for which a 28 per cent increase in commitment appropriations to 225.5m U.A. is requested, is intended for actions to encourage energy conservation, and develop non-oil sources of energy, which are to be discussed by ministers next week.

About 65m UA, 65 per cent more than last year, is earmarked for industrial policy. Most of it is intended for interest subsidies and investment premiums for crisis-struck industries like shipbuilding, paper and synthetic fibres, though it is hoped that some of it can be channelled into EEC projects in growth sectors like aerospace and data processing

The Commission also hopes to step up its efforts to combat unemployment and has asked for an increase of almost 50 per cent in social affairs spending to 290m UA. More than 100m UA of this is earmarked for a proposal to increase employment aid to young people

The EEC and U.S. are in high-level talks to review bilateral relations and the state of their economies seven weeks before the Bonn economic summit, reports Reuter from Brussels. An EEC spokesman said foreign affairs Commissioner Wilhelm Haferkamp and U.S. Under-Secretary of State for Economic Affairs Richard Cooper would also discuss energy policies and the multilateral trade negotiations in Geneva.

Italy's Cabinet to discuss deficit today

BY PAUL BETTS

ROME, May 25.

SPECIFIC MEASURES to reduce the enlarged 1978 public sector deficit to a level acceptable to the International Monetary Fund (IMF) will be presented by Italy's economic ministers at a Cabinet meeting to-morrow. But as the new measures depend on political decisions doubts remain whether the Cabinet will take immediate action to reduce the deficit from a projected L30,000bn (about £19bn).

The measures form part of a formula agreed in principle by the country's main political parties at the end of last year and reinforced by guidance from the IMF. It is designed to reduce the deficit, which takes in the health services and the state power undertaking, to around L20,000bn.

A further L4,000bn would subsequently be added back to tackle the running deficits of the major state companies and for immediate job-creating investments, especially in the depressed south. This would leave Italy with an enlarged public sector deficit of between L24,000bn and L25,000bn.

The formula agreed by the main parties, including the Communists, is to produce a L3,000bn cut in 1978 spending plans, postpone a similar amount to 1979 and raise the additional L3,000bn from a combination of fiscal drag—together with improvements in the tax gathering system—and a number of so-far undisclosed tax and public utility increases.

Among the proposals to be considered by the Cabinet tomorrow are the new tax and public utility increases including, it is understood, increases in electricity and rail tariffs.

Both the Left-wing parties supporting Sig. Giulio Andreotti's minority Christian Democrat Government and the trade union leadership claim that so far they have not been adequately consulted on the details of the nex tax and public utility increases. They have asked to meet the Government before ti introduces the new measures.

The hardening of the Left-wing parties is in part due to the local election results earlier this month which represented a major setback for the Communists and significant advances for the Socialists and the ruling Christian Democrats.

The Communists today held a meeting here of regional secretaries to review the election results and are now showing their teeth in the face of the clearly negative repercussions for their electoral position of the recent five-party agreement.

The Socialists, whose central committee was meeting today and which has now found a greater degree of internal unity since the 1976 general election disaster, want to emhpasise their "independence" in respect of both the Communists and the Christian Democrats.

But the economic ministers are now pressing for the urgent adoption of the new measures, especially in view of the imminent visit next month of an IMF team to review the terms of Italy's Letter of Intent signed last year at the time of a further drawing from the Fund of the equivalent of $530m.

At the same time the Italian Government is hoping to negotiate a new loan with the IMF thought to amount to about $1bn together with a new $1.14bn loan from the EEC.

The new economic proposals to be examined tomorrow by the Government are expected to form the basis for the forthcoming negotiations with the IMF and the EEC.

The Government is now finalising long-awaited measures to help the recovery of financially troubled companies. Also on this front, however, there are still considerable political difficulties over the nature and extent of the intervention, which in large measure involves the setting-up of banking consortia to promote the industrial recovery programme.

Italy's steel output this year will show little improvement over the previous year as the current expansion of the domestic economy seems insufficient to spur steel demand significantly, Sig. Alberto Capanna, president of Assider, the Italian steelmakers, told the group's annual assembly, AP-DJ reports from Milan. He also said Italy's steel output in 1977 amounted to 23.33m metric tons, a 0.5 per cent decrease from the previous year. This compared to production drops of 4.6 per cent in Japan, and 2.7 per cent in the U.S.

OVERSEAS NEWS

UK banks in Tokyo awarded swap rise

By Charles Smith

TOKYO, May 25.

TWO BRITISH banks have been awarded increases of over 40 per cent in the amount of foreign currency htey can bring into Japan for "swapping" into yen, although the overall average increase in the foreign bank's swap quota announced on Wednesday works out at 20 per cent.

The banks are Barclays, whose swap quota is up from $33m to $47m, an increase of 42 per cent, and Lloyds Bank International, up from $28m to $41m, an increase of 46 per cent. The increases apparently reflect the fact that both banks rapidly increased the yen-denominated portion of their total lending in recent months, whereas some other banks (including one other British bank) have concentrated more heavily on dollar financing.

The Bank of Japan is believed to aim at a stable ratio between the dollar swap quota and the domestic bill discount market as sources of the yen funds lent by foreign banks. During the past year the ratio has become distorted as the yield in terms of yen from swap quotas denominated in terms of dollars has fallen sharply.

Apart from wanting to adjust the balance between the foreign banks' two main sources of yen funding the Bank of Japan may also have been anxious to provide an incentive for foreign banks in Tokyo to stress yen financing rather than dollar financing in future.

In contrast with Barclays and Lloyds, National Westminster was awarded a relatively modest swap quota increase, reflecting the fact that it has stressed foreign currency financing in its Tokyo opertaions.

PLO in new policy move to ease tension in Lebanon

BEIRUT, May 25.

THE Palestine Liberation Organisation (PLO) has announced a new policy in Lebanon geared towards easing tension in the south and helping the Lebanese Government reassert its authority.

The announcement followed a meeting last night between the Prime Minister, Dr. Selim al Hoss, and a PLO delegation headed by Yassir Arafat.

To supervise the implementation of the new commitments a three-man committee is to be formed of representatives of the Lebanese authorities, the mainly Syrian Arab peace-keeping force and the guerrilla movement.

Analysts said the new policy is based on a desire by the PLO to keep a low military profile in this country and to project instead the political and information aspects of its struggle.

Mr. Arafat was quoted today in the Beirut weekly magazine, Al Hawadess, as saying that the guerrillas are ready to withdraw from Beirut and other Lebanese cities and that all they wanted is for Lebanon to allow them to maintain political and information presence.

His military aide, Brig. Gen. Saad Sayel, who was present at the interview, said the guerrillas are prepared to abandon all operations against Israel from Lebanon.

Hitherto the guerrillas abstained from cross-border activity, but the commando which carried out the raid on the Haifa-Tel Aviv coastline in March and killed 37 Israelis came from a fishing village on the Lebanese coast. The raid prompted the Israeli invasion of southern Lebanon later that month.

After their meeting with Dr. Hoss, guerrilla leaders announced a five-point plan promising to facilitate the mission of UN troops in the south and help the Lebanese authorities themselves to all parts of the southern areas.

This week instructions went to top PLO commanders north of the Litani river to use force if need be to stop guerrillas from infiltrating behind UN lines.

The PLO was further reported to have proposed that all guerrillas in Lebanon be reorganised in one "Palestinian army" which the Government here will treat like an allied army. The purpose is to bring all commandos under a centralised military command with an official status in relation to the authorities here.

In fact Fatah, the main guerrilla group, had proposed this formula to other factions, only to draw a reply from other groups demanding the formation of a new leadership for the guerrilla movement which will take decisions collectively.

The demand was made this week by five organisations, four of which are members in the so-called "Rejection Front" while the fifth is the Democratic Front for the Liberation of Palestine (DFLP) of Mr. Nayef Hawatmeh. It was included in a joint note to the Fatah leadership, and complained that Fatah has been adopting political decisions unilaterally on behalf of all the resistance movement.

Mr. Arafat is head of Fatah as well as chairman of the PLO. By virtue of its size Fatah, which accounts for more than 75 per cent of the total guerrilla strength, has been the dominant power in the PLO.

Libya lends Jordan $70m

BY RAMI G. KHOURI

AMMAN, May 25.

THE ANTICIPATED Libyan aid that was expected after the trip to Libya of the Jordanian Prime Minister two months ago has materialised this week in the form of Libyan commitments to lend Jordan $70m for the country's two biggest industrial projects.

Mr. Mohammad Dabbas, the Jordanian Finance Minister, said last night on his return from a week-long trip to Libya that Libya will take a 5 per cent equity share in the capital of the Aqaba chemical fertiliser plant and the Dead Sea potash project. It will also lend $30m for the potash scheme and $20m for the fertiliser project.

These breakthroughs in economic co-operation are important for Jordan, given the country's reliance on external financing for development schemes and regular budget support. The Libyan credits are expected to be followed soon with a resumption of Libya's annual contribution of $20m to Jordan.

● AP-DJ reports from Tel Aviv: Three judges of Israel's supreme court issued a temporary order today to stop land preparation for a Jewish settlement on land claimed by an Arab village in the West Bank, Israel radio reported.

The ruling was a victory for the West Bank Palestinians in their first court challenge of land expropriation in the territory.

INVESTMENT IN SOUTH AFRICA

UK elaborates on code of conduct

BY MARTIN DICKSON

"AT THE moment we are in the position of depending on South Africa far more than is healthy if we are to pursue consistent and viable foreign and economic policies," said Dr. David Owen, the British Foreign Secretary, earlier this year. "But since we already have economic links with South Africa, we should use them positively to bring about change."

After months of consultation, the British Government yesterday gave birth to its contribution to change—a White Paper elaborating on the code of conduct for companies with interests in South Africa which was adopted by the EEC last September. Although there has been a general international movement towards the adoption of such codes, the EEC one goes significantly further than others, particularly in the emphasis it gives to industrial relations and the potential role that can be played by black trade unions.

The White Paper gives explanatory guidance to British companies on how they might interpret the general principles of the code in detail, but compliance will be voluntary. However, the White Paper also states that companies will be expected to submit annually to the Government details of how its subsidiaries in South Africa are matching the code and—a major change—it lays down a precise format for the submission of this information.

Clearly there will be a moral imperative on companies both to observe the code and to submit information to the Government (again this is voluntary). But a key question remains the extent to which the Government will monitor companies' performance and what pressure it will bring to bear on those found to be wanting. The Department of Trade said yesterday that it planned to publish a complete picture on companies' performance on an annual basis.

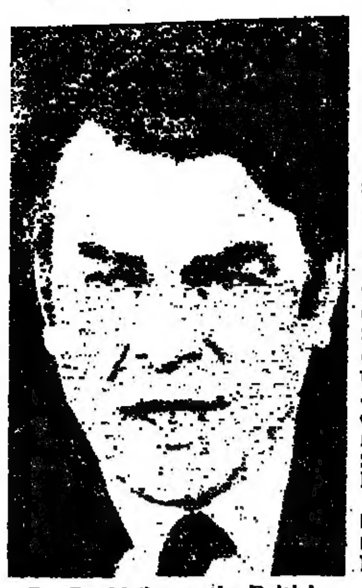
This in itself would be a significant change, because of the inability of the Government to monitor performance under the previous British Code of conduct, introduced in 1974, undermined the credibility of this document.

The original British code, a pioneer in the field, was introduced after a Parliamentary Select Committee had examined Press allegations of "starvation wages" being paid to the black employees of British companies in South Africa. The Government asked companies to publish annually details of African wage rates and how these related to cost of living estimates, together with some details of employment conditions.

The result was far from a resounding success. As late as last December Mr. Edmund Dell, the Trade Secretary, told Parliament that of 189 reports submitted by companies, only 43 had provided fully the information requested. These 43 reports related to 52,000 black employees. Another 53 reports, relating to 48,300 workers, provided substantive employment on wage rates but less, or none, on other important matters covered by the Code of Conduct.

"The absence of standardisation in the form of reply has made analysis difficult—indeed almost impossible," he added.

It was this history which led Christian Concern for Southern Africa, which has been deeply involved in monitoring British corporate policy in South Africa,



Dr. David Owen, the British Foreign Secretary.

to adopt a highly critical approach at the start of this year when it submitted a memorandum to the Government on how best to implement the new EEC code.

"After three and a half years the British code of practice must be judged at best unproven, at worst a dismal failure," it said. "If responsibility for this situation is to lie anywhere, it must rest with the British Government." Reasons the CCSA gave included the inadequacy of the corporate reporting requirements and the tolerance of partial or non-disclosure of information by companies.

The new White Paper goes a long way towards meeting criticisms about the adequacy of information requested from companies and it appears to have incorporated many of CCSA's recommendations.

Companies will be asked to state their policy on collective bargaining with organisations, including trade unions, and progress made in this. They will also be asked to submit details of policy on migrant labour, on equal pay and equal job opportunities for blacks and on the desegregation of working facilities. Training schemes for black advancement, fringe benefits and company policy on the recruitment of whites from outside South Africa should also be listed.

Furthermore, more details of black wage rates and policy on this are required than in the old British code.

The guidelines to companies on detailed implementation of the EEC code also contain some significant suggestions. They point out that the code does not ask companies to "promote, set up or do the job of trade unions," but that companies should ensure that all their employees are "allowed to choose freely and without any hindrance the type of organisation to represent them."

The guidelines suggest that one way of ascertaining the wishes of black employees is to hold a ballot and it lists ways in which worker representatives can be helped, such as an undertaking that employees will not be victimised on account of trade union membership or for participating in union affairs.

Peking-Hanoi rift widens

By Colina MacDougall

RELATIONS BETWEEN China and Vietnam seem likely to deteriorate further as a result of a strong Peking statement on Wednesday concerning the treatment of overseas Chinese by Hanoi.

More than 70,000 have been expelled from Vietnam over the Sino-Vietnamese border in recent months, a spokesman for Peking's Overseas Chinese Affairs Office said. More than 50,000 were sent back between early April and mid-May.

Some were beaten and wounded. The majority had their possessions confiscated the statement said.

China, Japan treaty talks to resume

BY DOUGLAS RAMSEY

TOKYO, May 25.

MR TAKEO FUKUDA, the Prime Minister, should be in a position next week to instruct Japan's ambassador in Peking to propose a resumption in their long-stalled negotiations with China a peace and friendship treaty, a Foreign Ministry spokesman confirmed today.

In crucial meetings held by the ruling Liberal Democratic Party (LDP) this week, Mr. Fukuda has emerged with a clear majority of his party's leadership in favour of resuming the talks. On Wednesday the LDP's foreign policy research council and foreign affairs committee "approved" the plan to reopen negotiations inspite of the recent Sino-Japanese disagreement over ownership of the Senkaku islands.

With LDP foreign policy advisers now agreed with Mr. Fukuda, the LDP's executive council chaired by the Prime Minister himself will no doubt rubber-stamp Mr. Fukuda's proposal at a meeting on Friday. "The Prime Minister is then likely to propose to the Chinese Government next week to resume negotiations," the spokesman said.

The territorial question raised concerning the Senkaku islands featured prominently in LDP discussions this week, with some party members insisting that the Government should reaffirm its claim to them. But the Foreign Ministry insisted today that no "conditions" have been attached to the party committee's approval of the overture to China. The spokesman added that "neither side will make an issue of the Senkaku islands" in the talks.

In talks with Mr. Zbingiew Brzezinski, the national security adviser, in Tokyo on Tuesday, Mr. Fukuda is understood to have conveyed his plan to resume talks with Peking. At their recent summit in Washington, President Carter told Mr. Fukuda that he "hoped" for progress in the talks.

Hard-line move on Pretoria business blocked

By Arnold Kransdorff

VIENNA, May 25.

IN A surprise move, Canada and Switzerland have joined the United Kingdom, the United States, France and West Germany in voting against a hard-line resolution calling for international business interests to cease their activities in southern Africa.

The resolution, drafted by the so-called Group of 77 developing countries at the UN Commission for Transnational Corporations at their annual conference in Vienna, was carried by a vote of 25 to 6 with 5 abstentions.

Canada's decision to vote against—they abstained in a similar resolution last year—is seen as a gesture of support for the joint U.S.-UK strategy encouraging change in southern Africa. The Canadian delegate said that the resolution was a matter for the UN Security Council and not within the UN Commission's scope.

The other interesting aspect of the voting pattern was that Switzerland, normally a neutral, also decided to vote against. Although not part of the UN, Switzerland is a member of the Commission on Transnationals. The country did not vote in last year's resolution because membership was only accorded to them late last year. The countries which abstained were Japan, Holland, Spain, Sweden and Italy.

The resolution was considered by the Western industrialised nations to be particularly uncompromising. The U.S. delegate described it as outrageous, and tantamount to breaking off diplomatic relations.

The resolution called on all countries to stop all forms of "collaboration" by their nationals, multinationals and other corporations with minority regimes in southern Africa. It also calls on them to refrain from extending loans, investments and technical assistance and to deny tariff and other preferences to exports.

Controls on blacks to be eased

BY QUENTIN PEEL

JOHANNESBURG, May 25.

LEGISLATION for three major components of tse South African Government's plans to defuse black grievances has been published in Parliament, giving a clear indication of hte limits to liberalisation proposed by the Cabinet.

The plans show just how far Mr. John Vorster, the Prime Minister, is prepared to go in changing his tactics, without changing his basic strategy.

The bills published yesterday provide for 99-year leases to be granted to qualified urban blacks living outside the tribal homelands, for black identity documents—the notorious pass books—to be replaced by "travel documents" issued by the homeland governments, and for the word "Bantu" to be replaced by the word "black" in all Government legislation.

Publication of the precise detail of the proposals coincides with the 30th anniversary of National Party rule in South Africa—and an unequivocal statement by Mr. Vorster that party policy remains unchanged.

In an interview with local newspapers, Mr. Vorster declared that the single greatest achievement of his party—which won a record parliamentary majority from the all-white electorate at last November's general election—was "to carry out the policy of independent black states, and to make it possible for them to become independent.

"Basically, whatever word is used, the policy of the National Party has always been separate development," he said. "I make bold to say that the National Party will remain in power as long as it sticks to its basic policy."

The leasehold reform is seen as the most important introduced by the Government this session. A joint statement issued by the Urban Foundation—an organisation established by the whole range of South African businessmen to improve black urban living conditions—and the Association of building Societies, describes it as a "most signicant step" towards meaningful home ownership, which would "entrench free enterprise values" among blacks, and generally "achieve greater stability in our urban areas."

But the proposed law falls far short of black demands for full freehold property rights, because of the continuing Government policy that full rights for blacks should only be available in the future "independent black states."

Thus while the law provides for blacks to bequeath their leases to their children, this will not be possible for citizens of independent homelands, whose children will not qualify for leasehold rights. If all homelands become independent, home ownership will once again disappear.

The reform of the pass laws is even more limited. The new travel documents will contain all the same details as the existing pass books, but will now be issued by homeland governments, instead of white civil servants.

One relaxation is that blacks can avoid arrest for not carrying their identity document, provided it is within a distance of 5 km. But the maxium penalty for an offence is increased from one month to three.

Already, two homeland governments—Kwazulu, the largest, and Qwa-Qwa, the smallest—have refused to implement the new proposal.

Rhodesia warns on violence

SALISBURY, May 25.

RHODESIA'S white co-Minister for Justice, Hilary Squires, has declared that police would use guns if necessary to break up any repetition of last weekend's fighting between black political factions.

He said that renewed violence could produce a clampdown on some black political activity and, if it occurred in the country at large, could considerably delay promised one-man, one-vote elections.

Mr. Squires' remarks appeared in an interview published today by the National Observer, a black newspaper, as his new black co-Minister, Francis Zingoda, was sworn in to replace the sacked lawyer, Byron Hove.

Mr. Zingoda, 51, belongs to Bishop Abel Muzorewa's United African National Council, whose supporters were involved in the weekend fighting in Salisbury

Reuter

Tanzania frees Shipanga

BY OUR OWN CORRESPONDENT

THE TANZANIAN Government yesterday freed Mr. Andreas Shipanga and 18 other members of the South West African People's Organisation (SWAPO) who were detained two years ago after a serious rift with Mr. Sam Nujoma, President of the Namibian nationalist organisation.

Diplomatic sources said they were flown out of Dar es Salaam on an aircraft bound for Copenhagen. Mr. Shipanga was then flying on to London, where the British Government has granted him asylum, while the other 18 will be granted asylum in Sweden.

Mr. Shipanga is to be issued with British travel documents and will be free to return to Namibia if he wishes or else travel elsewhere.

The proposals for a Namibian settlement put forward by the five Western UN Security Council powers provide for the release of political detainees held by South Africa and SWAPO dissidents held in Black Africa.

Mr. Shipanga, SWAPO's Secretary of Information until arrested in April 1976, was the most celebrated of the SWAPO dissidents held in Black Africa. Particular controversy had surrounded his case because he was first detained in Zambia. When his wife there applied for a writ of habeus corpus, he was flown to Tanzania, where habeus corpus does not apply.

The release of Mr. Shipanga is likely to cause consternation within SWAPO, since Mr. Nujoma had apparently been trying to ensure that his former colleague would not return to Namibia before a settlement there, on the grounds that his presence might be politically counter-productive for SWAPO.

Sudan to maintain development pace

BY JAMES BUXTON

KHARTOUM, May 25

PRESIDENT Jaafar Mohammed Nimairi last night asserted that Sudan would not abandon its ambitious economic development path in spite of the fact that this had, as he admitted, "exhausted our national economy and disturbed our foreign accounts."

In a speech celebrating the ninth anniversary of his regime's arrival in power in a bloodless coup, President Nimairi announced that the Government intended to concentrate on removing key economic bottlenecks, to cut extravagant overspending, to impose greater financial discipline and to fight inflation, now running at about 25 per cent.

He also made it clear that reports that Sudan has discovered oil in vast quantities were grossly premature.

To meet the demands of workers who last month staged a succession of strikes he announced that a major wage and salary reclassification scheme for Government workers would be implemented on July 1. The operation will cost the Government an estimated 49m Sudanese pounds in increased pay.

But the Sudanese President gave no indication of how he proposed to solve the country's external payments problem, which is becoming so pressing that observers believe nothing short of an international rescue operation can solve it.

Sudan is expected to have a combined deficit on current and capital accounts of more than $300m when the current financial year ends next month. The trade deficit is expected to be nearly $400m, on exports of nearly $800m and imports of more than $1.1bn.

The debt service ratio is put at more than 30 per cent, on total borrowings of about $1.8bn, and Sudan is believed to have payments now due of between $600m and $700m, consisting of commitments falling due now and a constantly accumulating backlog of unpaid or partly paid interest and principal payments on loans.

Already the payments situation is so bad that Sudan is finding it hard to import essential items which it needs just to produce its main regular foreign exchange earning crops, cotton and groundnuts.

It is said to have only just scraped together a part of the money it needs to buy pesticides and insecticides essential for next season's crops. The chemicals should have been ordered in March for delivery in June, but Sudan could not get credit.

Fuel is short because Sudan is in arrears in paying for crude supplies from Iraq to the Port Sudan refinery. Kuwait, which supplies some petroleum products, has intermittently cut supplies, and the Kuwait Fund for Arab Economic Development is now refusing to pay project aid instalments until Sudan makes good arrears in servicing other loans.

The cause of the problem is Sudan's accelerated development effort which began four years ago with the intention of making the country a major food exporter. While the long-term potential for development is not in doubt, development spending out of foreign aid, which has poured in, has put immense pressure on a grossly inadequate infrastructure, leading to bottlenecks and inflation.

It has also caused greater imports of essential supplies such as oil and a need for more local counterpart finance to match aid funds which the Government can only meet by printing money.

Earlier this month the International Monetary Fund proposed to the Sudanese Government making available a standby credit of $130m in return for a package of economic measures including the devaluation of the Sudanese pound, cuts in Government spending, a slowdown in development, higher taxes, fewer subsidies and a credit squeeze.

The Government told the IMF that for political reasons it could not implement the austerity programme. It feels that it cannot slow down development and bring about rises in the cost of living before the first rewards of development become available.

Saudi Arabia was said to have been prepared to make available up to $700m in soft loans to help Sudan meet its commitments, provided it accepted the IMF conditions. That option now appears to be closed.

There is no indication that Saudi Arabia and Sudan's other Arab creditors are prepared to enter into open-ended balance of payments support commitments. The country's creditors are worried that Sudan's problems may be particularly difficult to solve because they stem in part from the large, inefficient and obstructive bureaucracy which shows little sign of responding to President Nimairi's calls for greater dynamism, and would prove hard to cut in size.

If Sudan does, as President Nimairi says it will, press on with its development plans, then the balance of payments will worsen to the extent that it may be impossible to obtain essential imports at all. Mr. Nimairi may be calculating that the worse the situation, the greater the pressure on Saudi Arabia to come to his rescue will be, and that the terms of such a rescue will be more favourable to him than those of the IMF if the Saudis want him to stay in power.

Giscard suggests Helsinki states disarmament talks

BY OUR OWN CORRESPONDENT UNITED NATIONS, May 25.

PRESIDENT Valery Giscard d'Estaing of France to-day proposed in the United Nations General Assembly the convening of disarmament talks among all the states which participated in the Helsinki Conference on Security and Co-operation in Europe.

M. Gisgard, the first French head of state ever to address the UN, put a number of other proposals to the assembly, which since Tuesday has been holding its special session on disarmament. The West German Chancellor, Herr Helmut Schmidt, is to address the 149-nation body to-morrow, and Mr. James Callaghan, the British Prime Minister, will speak next Friday.

The French President did not spell out in detail his plan for the 35-nation all-Europe negotiations, but said he would submit to-morrow—apparently as a memorandum—"the goals, field of application and procedures for such a conference.

"The threat overshadowing Europe does not come from the accumulation and sophistication of nuclear weapons alone," he said. "It also stems from the presence on our continent of enormous arsenals of conventional weapons and the disparity between them."

The visible inequality in conventional weapons constituted a block to nuclear arms reduction.

Reviewing the long course of disarmament negotiations, he said the effort had been a failure so far, with the balance sheet for 30 years of proposals, initiatives and discussions falling tragically short.

"The world is in a state of overarmament," M. Giscard said. A new study of the disarmament problem was needed, but progress could not be made towards disarmament unless progress was also made towards improving international relations.

The policy of detente between East and West, improvement in the security of African states,

President Giscard

implementation of a just Middle East settlement, and consideration of China's situation—all were necessary for any progress on disarmament.

M. Giscard stressed what he called "three fundamental ideas"—the legitimate right of every state to security; that disarmament is not exclusive to a few countries, but is the concern of all; and that the approach to disarmament must take account of regional situations.

Noting that the Geneva disarmament talks failed to reflect "the rule of universality," he said the time had come to replace that conference, which is not directly related to the UN, with another body having more concrete ties with the organisation, open membership and equal standing for all participants.

Neither France nor China has taken part in the Geneva talks, but M. Giscard said France would participate in the new body he proposed.

He also suggested the establishment of a world institute for disarmament, and promised a specific plan to that end.

Turning to the question of supervision of a disarmament accord, he said the U.S. and Soviet Union alone had the requisite equipment now, but France and other countries would acquire it within the next five years, though it would still remain in the hands of a tiny minority. He proposed, therefore, studies on the creation of a satellite monitoring agency.

In yet another proposal, he called for the creation of a special development fund related to disarmament, and said details would be submitted to the Assembly for discussion. He recalled the suggestion made here on Tuesday by Dr. Kurt Waldheim, the UN Secretary General, that a one-thousandth part of the world-wide armament bill be diverted to the promotion of disarmament—an estimated $400m a year.

Speaking for the EEC members, Mrs. Lise Ostergaard, Danish Minister without Portfolio, endorsed M. Giscard's proposal of a satellite system of international verification of disarmament agreements.

She said there also seemed to be an emerging view in favour of having both a limited negotiating body operating by consensus and a deliberative body open to the entire UN membership.

"At all events, the Nine feel that the role of the United Nations should be strengthened in the disarmament field," she said.

Steel chief warns on shortage of capital

NEW YORK, May 25.

THE U.S. steel industry's low profit performance has placed it in serious financial trouble so that it cannot generate enough capital fully to sustain itself, said Mr. Thomas Graham, president of Jones and Laughlin Steel Corporation.

Addressing the general meeting of the American Iron and Steel Institute here, Mr. Graham also said the industry has a productivity problem. He said from 1964 to 1976, the Japanese had shown a greater rate of productivity improvement than the U.S. but Japan can no longer expect the dramatic gains that their large capital investment in modern equipment and deep-water sites have achieved for them.

U.S. steel producers cannot look to large capital investment because they lack the financial resources that are necessary, he said. As a result productivity increases in steel are beginning to flatten out in both Japan and the U.S.

Reuter

Price rise limit, Page 27

Productivity rate decline

WASHINGTON, May 25.

THE DECLINE in U.S. productivity for the first quarter was revised to a seasonally adjusted annual rate of 2.9 per cent from the originally reported 3.6 per cent, the Labour Department said.

The main factor for the revision was a revised 0.3 per cent decline in output, compared with the originally reported 1 per cent.

Manufacturing activity is now estimated to have declined at 3.5 per cent compared with 3.3 per cent at the first estimate due to a slightly larger drop in output.

Carter travels to win back support

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, May 25.

PRESIDENT CARTER takes off today on a two-state tour which has been overtly designed to improve his sagging political fortunes.

He does so against a background of public opinion polls which have shown the nation disenchanted with his leadership. A couple of them have found that Democrats would, by a large margin, prefer Senator Edward Kennedy of Massachusetts to be the party's presidential candidate in 1980, while that produced by ABC-TV and the Louis Harris Organisation yesterday suggested that both the former President, Mr. Gerald Ford, and the former governor of California, Mr. Ronald Reagan, would beat him in an election held now.

Polls at this stage have little significance as regards predicting the outcome of an election 2½ years away. But there is a lesson in them, which Mr. Carter's advisers have been impressing on him with greater force recently, to the effect that there is no substitute for a good national image, and that this is hard to project in the complex, hot-house atmosphere of Washington today.

Another message is that it helps in many ways to enjoy good standing in party eyes. Mr. Carter captured the Democratic nomination in 1976 by first running against, and then co-opting, the party establishment. But he has subsequently not tended his political back garden in the traditional manner and this has angered many conventional Democrats.

His current trip to Illinois and West Virginia is designed to repair this defect. In Chicago, he will give a news conference, address the Cook County Democratic Party fund-raising dinner, talk in Springfield, talk to the Illinois legislature, and do some standard barnstorming in West Virginia for the incumbent Democratic Senator Jennings Randolph, who faces a tough re-election battle.

The Cook County dinner is the perfect illustration of the change in tactics. Cook County was the fiefdom of the late Mayor Richard Daley of Chicago—when he beckoned, politicians came running. But last year, after the major died, Mr. Carter said that he would not attend the function this year.

Cook County officials turned instead to the Democrat who is sometimes perceived as the biggest electoral threat to the president — Governor Jerry Brown of California. However, all the recent polls show Mr. Carter beating Mr. Brown by a wide margin). Not untypically, Mr. Brown declined the invitation, so Vice President Walter Mondale, nothing if not a conventional politician, was approached, and he subsequently persuaded the President that an appearance would be valuable.

This will be Mr. Carter's first visit to Illinois since the 1976 campaign. He will be going to a major industrial state where the Democrats need help and where a potential Republican presidential candidate is emerging in the large shape of Governor Jim Thompson.

The president's advisers are taking other steps to improve his image. In July, Mr. Gerald Rafshoon, the advertising genius from Georgia who made Mr. Carter's television commercials in the 1976 campaign, is to join the White House staff in a senior capacity with the specific brief of performing a similar miracle.

Mr. Jody Powell, the White House Press secretary, is also relieving himself of some of the daily chores of the regular briefing, in order to concentrate on columnists and other media luminaries who help shape public opinion.

The thrust of the exercise is to counter the impression that the president is not in control of events. In fact, Mr. Carter is in the process of enjoying a number of hard-won legislative successes after a long barren spell, but they are not being portrayed as such in Washington, nor in the country at large.

It is thought that Mr. Carter can counter this by doing what he did so successfully in the election campaign—getting out and about, meeting people, and employing his considerable arts of persuasion in informal settings. That won him the presidency, the argument goes, whereas sitting in Washington, embroiled in domestic and foreign crises and doing battle with an obdurate and balkanised Congress, will not, at this stage, help him retain it.

It may not be easy for Mr. Carter to accept that the charm and smile which served him so well two years ago are assets as important as the managerial and intellectual competence which he values so highly. But, as one of his aides was quoted in a newspaper here today as saying, "I told him the other day that he was elected to lead the country, not manage the bureaucracy."

Loan losses by banks decline

WASHINGTON, May 25.

THE U.S. COMPTROLLER of the Currency, Mr. John Heimann, said that net loan losses at national banks in the U.S. declined last year to 0.42 per cent of average loans from the 0.6 per cent rate of the previous years.

He told the Senate Banking Committee the loan losses while still high by historical standards are declining.

Mr. Heimann said national banks' assets increased 13.1 per cent last year to $796.6bn, equal to 59.5 per cent of total assets of the U.S. banking system.

AP-DJ

Canada charge withdrawn

BY VICTOR MACKIE OTTAWA, May 25.

MR. SINCLAIR STEVENS, the Conservative Party's spokesman on finance, admitted to the Canadian House of Commons yesterday that he was wrong to suggest that Liberals had been engaging in speculation on the declining dollar. He withdrew his allegations and apologised for any embarrassment he may have caused.

However, the MP pointed to three specific instances where Mr. Pierre Trudeau, the Prime Minister, and Mr. Jack Horner, the Industry Minister, had contended that Conservatives were trying to profit through speculation on the movements of the Canadian dollar.

Mr. Stevens has found himself in political hot water since last weekend when he was quoted in a Canadian Press story as saying that he had "learned through the banks that nine Liberal MPs played the Canadian dollar as it was going down." He hinted that the nine included three Cabinet Ministers.

Both inside the House and outside following his withdrawal Mr. Stevens said he did not feel that he had concrete evidence to advance "at this time." He placed heavy emphasis on the words "at this time."

● CANADA is phasing out all aid to Cuba in disapproval of its mercenary role in Africa, Mr. Trudeau has told the Commons.

Peru poll may be postponed

By Hugh O'Shaughnessy

ELECTIONS for a constituent assembly, which would be the first step to a return to civilan rule in Peru, may be postponed for a second time, according to Reuter reports from Lima

The elections, first scheduled for May 4, were postponed last week to May 18 in the wake of rioting and disorders provoked by the government's austerity plans.

U.S. COMPANY NEWS

Esslete extends deadline on new bid for Dymo; Kennecott wins board proxy fight: Sears tops profit target—Page 27

Confusion on SALT prospects

BY DAVID BELL WASHINGTON, May 25.

CONFLICTING SIGNALS about the likelihood of a new strategic arms agreement with the USSR in the near future are continuing to emerge in Washington, and Vice-Prisident Walter Mondale's speech yesterday at the UN has not done much to reduce the confusion.

Mr. Mondale took the Soviet Union to task for "a continuing build-up of unprecedented proportions in Europe," attacked the deployment of the medium range SS-20 missile on the continent, and criticised Russian activities in Africa. The deployment of the SS-20, he said, "runs totally contrary to all that this special session (on disarmament at the UN) seeks to achieve."

However, Mr. Mondale also said that a new strategic arms agreement is "rapidly taking shape" and that the U.S. and the Soviet Union hoped soon to begin talks on a further agreement which might eventually lead to the deep cuts proposed at the start of his term of office by President Carter.

The Vice-President did not refer to the Orlov trial, which has caused consternation here, nor did he spend much time on human rights.

The result of all this was a speech which accurately mirrored the dilemma facing the Administration. Mr. Carter could not have approved too conciliatory a speech on the eve of the NATO summit meeting in Washington next week; nor could he allow too "soft" a speech in the face of rapidly mounting hostility in the U.S. both to Soviet activities in Africa and to Russian treatment of dissidents.

On the other hand, the Administration still wants a SALT agreement, apparently on the grounds that a limited accord is better than none at all. Yet there must be very serious doubts that any agreement worth the name could get through the Senate in anything like its present mood.

Officials say that Mr. Mondale's remarks about the SS-20 may have been designed to pre-empt an expected onslaught on the neutron bomb from the Soviet Union tomorrow, when Mr. Andrei Gromyko speaks. According to one senior State Department official the U.S. now believes that there is no prospect of the Soviet Union giving up the SS-20 in response to the U.S. decision not immediately to deploy the neutron bomb.

Of course both the SS-20 and the satellites are strictly speaking outside the focus of the existing SALT talks, and so it may be that both sides are happy to trade accusations about them—and the neutron bomb—while continuing to make progress on intercontinental missiles and other strategic weapons. But the Senate, and American public opinion, are not drawing such arbitrary distinctions, and so far the Administration has succeeded in confusing both about its true attitude

ST. LUCIA

Queue for independence

BY DAVID RENWICK, RECENTLY IN ST. LUCIA

MR. JOHN COMPTON, Premier of the British Associated States of St. Lucia (238 square miles, 101,000 people), is an angry man.

He accuses the British Government of unnecessarily delaying the full independence of his island, which impartial observers agree is the most economically advanced among the smaller states in the CARICOM region.

In his last encounter with British Government representatives in London, Mr. Compton told Mr. Ted Rowlands, Minister of State in the Foreign and Commonwealth Office, that he found it "humiliating and intolerable" to have to "travel at great expense of time and money to the U.K. and then to trudge up and down the staircases like a mendicant seeking favours from a master."

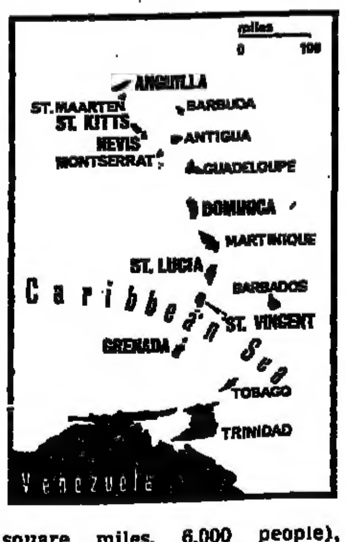
Mr. Rowlands replied that Mr. Compton should publish a draft constitution for public comment and then return to London at a later date (probably before the end of July) for a final constitutional conference. Last year, on British insistence, Mr. Compton had agreed to circulate a green paper (consultative document) setting out the advantages of independence and the changes in the governmental structure that would accompany it.

The independence issue has dragged on for two years now. The main reason is said to be the opposition St. Lucia Labour Party's hostility to granting of full autonomy without a referendum as provided for by the West Indies Act, 1967. But the provision, as Mr. Compton has pointed out, was not applied in the case of Grenada (133 square miles, 94,000 people), which achieved independence in 1974 in the face of widespread civil disturbance and bloodshed not seen in St Lucia. He told Mr. Rowlands that the idea of a referendum was "obsolete and no longer relevant to present circumstances."

The indications are that Mr. Compton will finally attain his ambition before the end of 1978, probably by December 13, the date he had set several years ago, and that Britain will use Section 10 (2) of the West Indies Act which allows it to take the initiative in conferring upon an Associated territory the responsibilities for foreign affairs and defence which in effect create the state of independence.

It remains to be seen whether Mr. Compton's eventual success will be shared by those other Associated States leaders also in the queue for independence. St. Kitts-Nevis, for example (120 square miles, 52,000 people) has been discussing independence with the British Government on and off since 1976 but has got no nearer its objective now than it was then.

The stumbling block is the 11-year-old question of Anguilla (35



square miles, 6,000 people), which was legally part of the military state of St. Kitts-Nevis-Anguilla whihc was given associated statebood, a constitutional form just one step below full independence, was devised in 1966. In the following year, the inhabitants of Anguilla broke away from the central Government in St. Kitts and chose to revert to their former colonial status of being run directly from Whitehall. The arrangement was formalised by Act of the British Parliament in 1971.

Mr. Robert Bradshaw, the Premier of St. Kitts-Nevis, has never acknowledged the legality of the secession, and insists on referring to his territory as St. Kitts-Nevis-Anguilla. Until he accepts that Anguilla will not become a de facto part of the unitary state again, it is unlikely that he and Britain will ever see eye-to-eye on the matter.

The people of Nevis (population 15,000), who returned the only two opposition members to the legislature in the general election of December 1975, have also been making secessionist sounds and went as far as to hold a poll on the issue last year. It resulted in a solid vote in favour of separation from St. Kitts. The British Government is unlikely to take that too seriously and Nevis can probably be pacified once the Anguilla issue is disposed of. Mr. Bradshaw is seriously ill in St. Kitts at the moment and the subject of independence is in abeyance for the time being.

Dominica (305 square miles, 71,000 people) has no secessionist problems to worry about, but the opposition has been taking as firm a line against independence without referendum as its counterpart in St. Lucia. Mr. Patrick John, the Prime Minister, has held several discussions with Britain, the most recent being in April, when he cautiously described the outcome as "reasonably successful."

Mr. John has asked for independence under Section 10 (2), which means that, like Mr. Compton, he has no intention of attempting to hold a referendum. It is probable that Britain will go along with this in the end, though how long Mr. John will have to wait is not clear. He has already had to cancel the date he originally set for independence—November 2 last year—because his negotiations with Britain were not concluded.

The latest entrant in the independence stakes is St. Vincent (150 square miles, 87,000 people), whose Premier, Mr. Milton Cato, has informed Britain that he wants independence before the present Parliamentary term expires next year. Mr. Cato was in London too last month and held exploratory talks with the Foreign and Commonwealth Office. What procedure the latter will insist upon before substantive talks can take place, remains to be seen.

Once St. Lucia, St. Kitts-Nevis, Dominica and St. Vincent achieve independence, only Antigua (176 square miles, 65,000 people) will be left as an Associate State. The previous administration of that island, headed by Mr. George Walter, had indicated a preference for complete autonomy but the present Prime Minister, Mr. Vere Bird, who regained power in February 1976, had partly campaigned on an anti-independence platform.

Mr. Bird has not publicly changed his mind, but it will be interesting to see how long he can hold out in a semi-independent state when those around him begin to exercise all the rights of full independence.

Investment optimism for Britain

By Margaret Hughes

BASLE, May 25.

EIGHT FOREIGN companies expressed strong interest in investing in the UK after two days of British participation at the Inter Index industrial development exhibition at Basle. Mr. Alan Williams, Minister of State for Industry, disclosed when he opened a British seminar in conjunction with the exhibition, where Britain has the largest stand.

The companies are understood to include French, Belgian, U.S., German and Italian interests involved in computer technology, medical equipment, electrical and electronic equipment, textiles and lighting. Some of the 12 regional authorities participating at the exhibition with the Department of Industry also reported much interest in downstream oil and petrochemical activities.

No Swiss companies are included but continuing Swiss interest in Britain has been confirmed by the announcement here that a high-level mission led by Dr. L. von Planta, chairman of Ciba-Geigy and head of the Swiss Industries Association, will visit the UK in November at the invitation of the Invest in Britain Bureau of the Department of Industry. The mission will include leading Swiss industrialists and bankers.

Swiss companies are well established and are expanding investment in Britain. They include Ciba-Geigy, Roche Products, Brown Boveri, Georg Fischer and Landis Gyr. Hoffman Le Roche is understood to be expanding widely in Europe outside Switzerland and Britain is among sites it is considering.

The Basle seminar is the fifth organised by the Invest in Britain Bureau this year. The latest was last week in the U.S. It forms part of a campaign for foreign investment in Britain.

With the prospect of North Sea oil earnings, Mr. Williams told the Financial Times, Britain is a potential growth economy and offers the foreign investor low labour costs and good financial incentives.

GKN likely to lose in bid for £190m E. German plant

BY LESLIE COLITT

EAST BERLIN, May 25.

NEGOTIATIONS HAVE been completed between East Germany and two Western companies, Guest, Keen and Nettlefold (GNK) and Citroen, which have each made a bid to construct a factory in East Germany worth £190m and it is now likely that the French company will win.

The plant, to produce transmissions for a new East German car, will be one of the largest industrial projects ever concluded by East Germany with a Western company.

The French Embassy here expects the contract to be awarded to Citroen during a visit from June 5 to 8 to Paris by the East German Communist Party's leading economics official, Herr Günter Mittag. "We would be very disappointed if the contract was not signed," a French commercial official said.

GKN was thought to have been in a favourable position to win the contract after agreeing, along with Citroen, to be paid largely in compensation and after the UK said it would insure the credit in sterling.

The transmission plant is to be built at Zwickau, the site of a factory where Comecon's most reasonably-priced car, the two-cylinder Trabant, is produced. It is expected to produce well over 600,000 drive-shafts annually with half the amount going to the Western company as compensation.

The rest would be used for new East German cars to replace the Trabant and the more expensive two-cylinder Wartburg which sells for 18,000 marks here, as well as for export to Czechoslovakia to be used in new Skoda models.

Both of the ageing East German cars are unable to meet East European pollution standards because of their oil-petrol fuel mix.

The French note that trade between France and East Germany dipped last year by 30 per cent to FFr 1.3bn, and that this deal would provide a badly needed impetus to trade between the two countries.

French officials say another related East German contract could go to Renault during err Mittbag's visit to Paris. This would be for 10,000 car engines, worth approximately FFr 12m, of the four-cylinder tpye used in the Renault 12. They would power the Wrtburg car in the intermediary period before a wholly East German-designed car is built in the 1980s.

East Germany is also said to be negotiating with Creusot Loire of France as well as with a number of other Western companies on the construction of a fertiliser plant in the Rostock area estimated to cost DM 300m.

Belgium may order UK hovercraft

THE BELGIAN Marine Transport Authority is considering buying at least two £15m Super IV hovercraft from the British Hovercraft Corporation, Lynton McLain writes. Other sales of 10 to 20 craft by 1985 could bring the BHC orders worth £350m to £360m.

Hovercraft consultants from the Canadian Government visited the Isle of Wight factory of BHC last week for talks on possible hovercraft sales. This was made clear yesterday after the inaugural passenger flight of the British Rail Seaspeed hovercraft Princess Anne, from Dover to Ostend, Belgium.

The stretched version of the SRN IV is due to enter service next month. The choice of Ostend, rather than Calais or Boulogne, where the craft will land when the service starts, was based on the high expectation of sales to the Belgians.

UK £25m Java plan

The Indonesia Ministry of Mines and Energy has awarded a £25m contract to Balfour Beatty Power Construction, part of British Insulated Callenders Cables, to supply, supervise and build a 70 kV, 150 kV, and EHV Transmission System in the Jakarta and West Java area, a Financial Times Reporter writes.

Gulf $1.35bn project

The Abu Dhabi Government and three foreign oil companies are about to sign a $1.35bn project to collect, process and export gas gathered from the emirate's onshore oilfields, Reuter reports from Abu Dhabi. The foreign partners are Royal Dutch/Shell, Compagnie Française des Petroles (CFP) and Partex. The proposed company will be called Gasco.

Tanker order changed

A Polish shipyard has agreed to convert a Norwegian shipowner's order for a 75,000cm liquefied petroleum gas (LPG) tanker, because of the continuing poor market for LPG tonnage, Fay Gjester writes from Oslo. Instead, the yard will build two roll-on, roll-off car carriers for the owner, Leif Hoegh.

Govan Arab bid likely

Govan Shipbuilders is to tender for several container ships expected to be ordered shortly by the United Arab Shipping Company, a Financial Times Reporter writes. The yard launched the last of 19 23,000-tonne cargo vessels for the company yesterday.

£8m rail wagon sale

Hawker Siddeley Canada has been awarded three railway freight-car contracts totalling about £8m, a Financial Times reporter writes. The largest, worth £4.35m, is from the Canadian International Development Agency for 205 freight cars and maintenance spares for export to Tanzania.

Oman oil contract

Kellogg Continental has won a contract for engineering and construction management of the Amal/Marmul development project, two oil fields being brought into production in Dhofar, in southern Oman, which are expected to add significantly to the country's supply of crude oil in the next two to three years, a Financial Times reporter writes. Estimated cost of the total project has been put about $300m.

Italy building deals

Two Italian companies have won large contracts in the Gulf area, AP-DJ reports from Rome. The first, by Societa Sicel Italy, is for prefabricated metal structures in Saudi Arabia, and worth L85bn. The second, by Societa Costruzioni Meccaniche Industriali (CMI), is for desalination units and cranes at the Bandar Abbas steel plant, and is valued at L23bn.

Computers for USSR

Ferranti has received an order valued at nearly £1.5m for 10 Argus computer systems for the USSR, a Financial Times reporter writes. The order has been placed by Simon Carves as the main plant contractor, on behalf of Techmashimport.

New India airline

The Indian Government plans a third public-sector airline to cater for remote areas not covered by the domestic Indian Airlines or the international Air India, K. K. Sharma writes from New Delhi. The new airline is to start functioning within six months, with services to about 60 cities where terrain makes surface transport difficult.

Fluor in Thailand

Fluor Ocean Services has received a letter of intent from the Natural Gas Organisation of Thailand authorising the company to proceed with the initial phase of a $400m-$500m natural gas development project, a Financial Times reporter writes. The value of the job to Fluor was not disclosed.

Venezuela power

Hitachi's subsidiary, Hitachi Plant Engineering and Construction, has won a Y15.2bn Venezuelan order to install 10 hydroelectric power plants, Reuter reports from Tokyo.

China's steel growth begins

BY JOHN HOFFMANN

PENANG, May 25.

AN AGREEMENT this week to build China's newest steelworks —to be installed at Shanghai by Japan's Nippon Steel Corporation—signals an early practical step in China's ambitious industrial expansion.

The agreement and an accompanying contract for technical cooperation were finalised in Peking between the China National Technical Import Corporation and a Nippon Steel delegation.

The Chinese Vice Premier Kang Shih En hailed the documents as the first step in implementing the $20bn long-term trade agreement signed earlier this year by China and Japan.

They also launch China on its programme to achieve an annual steel output of 60m tonnes by 1985, a goal which will require the building of ten new iron and steel plants in that time.

Steel production has been rising at a rate which encourages Chinese economic leaders. Even so the output in 1976 was a mere 21m. tonnes, the poorest performance since 1971.

The People's Daily published an editorial this week calling on steel workers to accomplish the 60m. tonne target by attacking three main tasks.

First, said the editorial, each steel enterprise should this year achieve its highest technical and economic performance. Second, by 1980 the nation should be producing in terms of quantity, quality and specifications, all the iron and rolled steel needed for basic agricultural mechanisation and for defence development. Third, by keeping up with or surpassing advanced world standards it should reach the 60m. tonne target by 1985.

China's "great leap forward" in steel production is good news for the countries which have equipment and knowhow for sale. It is also a promising prospect for producers of finished steel who will be competing for contracts to supply the materials China needs while its own industry gathers momentum.

Britain has already sampled the potential. The British Steel Corporation announced last week new orders from China worth £3m., bringing BSC's total sales to China since last October to £13m.

The announcement coincided with the visit to Britain of Mr. Tang Ke, the Chinese Minister for the Metallurgical Industry. At the same time another high level Chinese delegation, led by Vice Premier Ku Mu and senior industry and development officials, has been on an extensive tour of Western Europe's industrial nations.

Textile industry warned by Davignon on MFA protection

BY RHYS DAVID, TEXTILES CORRESPONDENT

EUROPE'S Textile industry cannot rely on protection indefinitely and must use the opportunity provided by the recently concluded Multi Fibre Arrangement to adapt to world market conditions, Vicomte Davignon, the EEC Commissioner for Industry, warned in London yesterday.

In a speech clearly designed to spur the industry to action M. Davignon stressed that import restrictions could only be expected to last for the duration of the current crisis and were intended only to enable the industry to regain competitiveness lost as a result of the massive surge in imports over the last few years.

In order to stay profitable in the longer term the Community industry would have to make a major effort to specialise and innovate in both manufacturing techniques and product lines.

M. Davignon who was speaking at an international conference organised by the British Textile Confederation warned the developing countries too of the dangers of relying on textiles for industrial development and he urged them to aim at more diversified economic growth.

M. Davignon insisted that the main thrust for change must come from within the industry itself but he pointed to a Community role in co-ordinating and stimulating these efforts.

The industry had failed to exploit its market of 250m people but if it was prepared to take action, Community assistance to help deal with employment and regional problems and to encourage innovation and technological research and the preparation of economic analysis could be put at its disposal.

He admitted however, that adaptation could prove difficult as a result of the continued recession. Hardly any industries were expanding fast and a large number were growing only slowly or even shrinking, leading to serious over-capacity.

Earlier the conference had heard Mr. Edmund Dell, the Secretary for Trade, criticise the U.S. for failing to come forward with a reasonable offer of textile tariff reductions for the forthcoming GATT multi-lateral trade negotiation, the Tokyo round.

"I know that there is concern in the U.S. about European competition in textiles. But in view of the over-riding importance that the American Administration gives to success in the MTN, in view of the emphasis they place on competition in so many fields in which they are more confident as to their competitiveness, I hope that they will improve this and indeed other parts of their tariff offer," he said.

Mr. Dell claimed that if the European community was to reduce further its already moderate tariffs it expected to see something like reciprocity. The U.S. frequently claimed to be liberal. "I hope therefore they will change their policies and live up to their pretentions," he said.

Mr. Dell also defended the right of developed trading blocs such as the EEC to take action to protect industries such as textiles against low cost competition, and he warned that there could be no guarantee that textiles would remain a special case if comparable circumstances arose in other industries.

Nagasaki plan for Concorde

BY CHARLES SMITH

NAGASAKI, May 25.

NAGASAKI AIRPORT in south west Japan is ideally suited to become the gateway for Concorde services to Japan from South-east Asia and possibly also Europe, the governor of Nagasaki, Mr. Kanichi Kubo, believes.

In an interview with the Financial Times, Mr. Kubo said that Nagasaki could accept Concorde because its island-based airport is free of the noise problems that bedevil other Japanese airports. He also claims that Nagasaki airport, which opened two years ago, is ideally suited to become a third Japanese international airport, taking some of the strain off the overworked airports of Tokyo and Osaka.

Mr. Kubo, who launched the Nagasaki airport project eight years ago when he became Governor, is the moving force behind an "international air transport study group" consisting of top businessmen which held its first meeting in Tokyo last week to consider the prospects for introducing Concorde.

He plans to fly to Paris next month to explain his ideas to Aerospatiale and Air France (Japan being "French territory" so far as the Concorde sales effort is concerned). Mr. Kubo will then fly by Concorde from Paris to Rio de Janeiro where celebrations are under way to commemorate the 70th anniversary of Japanese emigration to Brazil.

Mr. Kubo evidently sees his new airport as one of the keys to the economic future of Nagasaki Prefecture which is at present heavily dependent on shipbuilding (over half the factories in the Prefecture are shipyards).

He also makes a convincing case for the airport's claim to serve as an entry point to south western Japan. Passengers in and out of the region are expected to exceed 20m per year by the mid-1980s which will be far more than could be handled by the existing Osaka international airport and the "semi-international" airport of Fukuoka (handling flights to Seoul).

Mr. Kubo says it will be years before the Government can overcome environmental opposition to the building of a new Osaka airport and that serious space problems exist at Fukuoka.

Nagasaki airport which is sited on its own man-made island at present has a single 3,000 metre runway (just long enough for Concorde) but plans exist to extend this to 4,000 metres.

A further expansion which could be carried out over the next seven to eight years at roughly double what it cost to build the original airport would provide a second 4,000 metre runway parallel with the first and increase passenger handling facilities to the point required for handling international flights.

Transfer flights from Nagasaki would take 30 minutes to other cities in the main southern island of Kyushu, one hour and 20 minutes to Osaka and one hour and 45 minutes to Tokyo.

Mr. Kubo admits that the transfer time on Tokyo flights would cancel out most of the benefit of taking Concorde from Hong Kong (assuming that one's final destination was Tokyo which is true of 80 per cent of international passengers arriving in Japan).

Time saving would be valuable from Singapore, however, or for passengers flying Concorde by the southern route (i.e. crossing India and South-east Asia) from Europe.

Passengers switching from Concorde to a domestic flight at Nagasaki would enjoy the windfall advantage of arriving in Tokyo at Haneda airport which is only 45 minutes by car from the city centre instead of at the much more distant new international airport at Narita.

Mr. Kubo claims that the Government is "extremely interested" in his Concorde campaign not least because of the likely impact of a Concorde purchase on Japan's uneasy trade relationship with Europe.

He acknowledges, however, that for the time being his lobbying efforts are confined to winning over opinion in the business world and that formal approaches to central government officials will come later.

In the meantime no one who meets either the Governor himself or any member of his staff is being allowed to get away without a dose of airport propaganda. An aerial view of Mr. Kubo's pet project appears on the back of his business card and will soon appear on the business cards of all members of Nagasaki Prefectural Government.

Albras financing nearly settled

BY DIANA SMITH

RIO DE JANEIRO, May 25.

FINANCING FOR the $960m Albras aluminium project, a joint venture between Brazil's state-run mining conglomerate, Companhia Vale Do Rio Doce (CVRD) and Japan's National Aluminium Company (Nalco) is closer to completion.

CVRD will enter with $290m of its own resources, while its partners, through Japanese banks, will contribute $328m. The partners are sounding out Brazilian state banks and foreign commercial banks on the possibility of their financing the rest.

In a private report to the Government this week, salient details of which appeared in Brazil's Gazeta Mercantil, CVRD gives official blessing for its continued close association with Japan. The report discloses that, in this decade, Japanese interests have committed themselves to a total of $2.6bn investment in CVRD's iron ore, wood, pulp, aluminium and alumina projects.

The Albras project is coupled to the Alunorte alumina project, a $410m enterprise in which Nalco also has a share. CVRD-Japanese associations include development of the Capanema haematite and itabarite mines in Minas Gerais state, with CVRD holding a 51 per cent share, Kawasaki Steel 24.5 per cent and the remaining 24.5 per cent divided in small parcels among a Japanese companies.

Japanese interests are also involved in a combined pulp/reforestation enterprise, Cenibra and Flonibra. Cenibra is operating, but only at half capacity (255,000 tonnes a year) because of difficulties in the world pulp market.

The Flonibra reforestation destined for the north of Espirito Santo state and south of Bahia state, calls for a $800m investment, of which $56m have been applied so far.

Finally, the Bibrasco pellet-ised iron project, in which CVRD holds 51 per cent, Nippon Steel 25.39 per cent and other Japanese companies the remainder, calls for a total investment of $440m in a two-unit plant geared to producing 3m tonnes of pellets a year.

The CVRD report points out that its association with Japan brings in advanced equipment and technology while ensuring Japan supplies of raw ore or basic materials.

Chemical imports rise

RIO DE JANEIRO, May 25.

THE QUARTERLY review of foreign trading results of Brazil's 200 largest companies, produced by the Bank of Brazil's foreign trade bureau, shows that multinational chemical and pharmaceutical companies are still importing much more than they export. Car manufacturers are doing the opposite.

In the first quarter of 1978, the state-owned oil conglomerate, Petrobras, and mining conglomerate, Companhia vale do Rio Doce, headed the list of Brazilian exporters, with $42.2m for the former and $171.3m for the latter, with imports of $37.9m and $15.2m respectively.

The largest gaps were by Ciba-Geigy (imports $18.1m and exports $156,000), Bayer of Brazil (imports of $17.1m, exports $622,000), Monsanto (imports of $15.3m, exports of $75,000) and Dow (imports of $12.2m, exports of $2.4m).

Michelin plant approved after controversy

BY OUR OWN CORRESPONDENT

RIO DE JANEIRO, May 25.

MICHELIN'S CONTROVERSIAL proposal for a $1m plant in Rio de Janeiro state, producing 1,400 steel-thread radial tyres a day for buses and lorries, has been approved by Ernesto Geisel, Brazil's president.

Michelin's proposals have been criticised by local competitors, including Firestone, Goodyear, Goodrich and Pirelli, who say the Brazilian tyre market has been difficult in recent years, and by the authorities, who considered Michelin's demands unacceptable.

After opposition from Brazil's Council of Industrial Development, Michelin dropped a plan to import 300,000 tyres free of duties or tax to test the market, and agreed to reduce its technology transfer period to five years from the 10 years it had sought. Instead it will receive special export benefits.

Lance Keyworth adds from Helsinki: The TVW paper machine group, one of the world's leading manufacturers of paper machines, is to open a factory in Brazil. TVW was formed by Tampella, Valmet and Wartsila, Finnish specialists in machines and equipment for paper and pulp making.

Under the agreement signed in Helsinki with the Brazilian Pilot group and investment company Brasilinvest, a Finnish-Brazilian factory manufacturing pulp and paper machines is to be built in Sao Paulo, to start up in about two years. The equity of the joint venture is $8m. The Brazilian partners own 52 per cent of the shares.

ECGD claims rise by 41% in a year

FINANCIAL TIMES REPORTER

Provisional figures released yesterday show that during the year ending March 31 the Export Credits Guarantee Department insured U.K. exports to the value of £12.9bn—a rise of 10.1 per cent over the previous year's £11.7bn.

There was a net increase of nearly 1,000 in the number of ECGD policyholders—from 10,738 at the end of March 1977 to 11,700 at the end of March this year.

Claims paid to exporters by ECGD totalled £89.2m, a 41 per cent increase over the previous year's total of £63.1m. This is understood to be mainly as a result of claims in respect of Turkey.

Of the £89.2m paid out in claims £33.2m was in respect of buyer risks (insolvency and default) compared with £32.1m in 1976-77, and £56m was for country risks such as transfer delays (£30.1m in the previous year).

Short-term business—up to six months credit—accounted for £53m of total claims paid (£29.8m previously).

Recoveries for the year were £30.9m (£27.1m). Premium income totalled £92.8m (£93.8m). The 1977-78 figures show that ECGD insured some 34 per cent of total exports compared with 38 per cent in 1976-77.

The percentage fluctuated between 30 and 36 per cent over the previous decade.

ENERGY REVIEW: THE EEC AND THE NORTH SEA

BY RAY DAFTER

The obstacles to a united front

TWO REPORTS published on Wednesday clearly illustrate the degree of uncertainty and confusion that surrounds the picture of world energy supply and demand over the next two decades or so. The World Bank, relying on recent studies by the U.S. Geological Survey and on other unpublished estimates, takes a cautiously optimistic view, for instance. Its report concludes that developing countries could help to meet a substantial share of the world's future oil and gas needs and, as a result, there is unlikely to be any shortage of oil in the next 20 years.

On the other hand, the UK Department of Energy appears to be less optimistic. In a new report on international energy questions, prepared for the Energy Commission, the department states that its long-term analysis suggests that in the mid-1980s energy supplies may become a constraint on desirable rates of economic development unless effective action is taken to increase fuel output in the intervening years. The report accepts that the analysis is "subject to considerable margin of error" and stresses—significantly—that the World Bank will have an important role to fulfil, both in surveying the range of problems and in acting as a catalyst for financing the development of various energy forms.

The trouble is that there seems to be no common definition of the term "energy shortage." No one is seriously predicting that lights will go out in the 1980s (at least, not unless there is some worldwide economic or political catastrophe): rather, we expect to face a period of tightening fuel supplies and rising prices. It is the uncertainties about the degree of energy supply constraints and the level of price rises that will largely affect investment decisions and economic growth. And yet, conversely, the level of economic growth over the next decade, together with investment in energy conservation, will determine to an important extent fuel demand and, thus, tightness of supplies.

It is against this complex background that Common Market energy Ministers will meet privately for dinner on Monday, and more formally at a council meeting on Tuesday, in another attempt to thrash out a statement on Community energy objectives. What is contained in that statement if one materialises, will be influenced by progress made with other issues on the agenda: the development of coking coal production and intra-Community trade in power station coal; schemes to aid hydrocarbon exploration projects: energy saving measures and demonstration projects in alternative energies; a bid to obtain a consensus on the use of nuclear power; and an attempt to resolve the problem of over-capacity in the oil refinery industry.

But the EEC Ministers have already found that energy prospects and problems appear in different lights when seen from the viewpoint of a country about to become energy self-sufficient (Britain) and countries heavily dependent on imports (most of the other Nine).

Hence the European Commission's apparently abortive attempt to gain universal acceptance for a package of measures to restrict refinery capacity and expansion plans. Mr. Anthony Wedgwood Benn, the Energy Secretary, with the backing of British trade unions, has consistently opposed measures that would hinder the expansion and modernisation of the domestic refinery industry. He is likely to follow this line at next week's meeting. He argues that the U.K. must be free to gain the maximum benefit from its limited offshore oil reserves. Mr. Benn is also aware that more than £1bn is being invested in modifying and enlarging Britain's refinery base.

A new refinery designed to handle North Sea crude oil is proposed by Cromarty Petroleum in Scotland: Occidental has a partly built refinery on Canvey Island and Phillips and Imperial Chemical Industries have been considering a major refinery project on Teesside. All this is happening at a time when European refiners are plagued by serious over-capacity and, what is more, when they fail to see the need for any expansion in basic distillation capacity for years to come.

It is estimated that about 35 per cent. of Europe's primary distillation capacity was surplus to requirements last year. The position would have been much worse had the oil companies not voluntarily closed (either temporarily or for good) more than 80m.-tons-a-year of capacity in 1977. As a result of the EEC deliberations oil companies are likely to be encouraged to continue putting their house in order. The European Commission's proposed enforced closures and restrictions on throughput are almost certain to be dropped in view of Mr. Benn's opposition, and the resistance of U.S. oil groups worried about anti-trust legislation.

But that does not mean that all the recommendations will be quashed. The Commission may receive ministerial backing for some limiting of Community and, possibly, State aid to new refinery projects. And there seems to be general acceptance both among governments and in industry, that Brussels should be encouraged to undertake a serious study of future imports of refined products from Eastern Europe and members of the Organisation of Petroleum Exporting Countries.

As Mr. Bill Scott, manufacturing co-ordinator of Shell Internationale Petroleum Maatschappij, told the European Petroleum and Gas Conference in Amsterdam this week: "If refiners do what they can to help themselves, and if the EEC looks more closely at the rules of the game for products imports, I believe the combined impact of these measures could make a significant contribution toward reducing the scale of the problem over the next few years."

If this is indeed the outcome of next week's ministerial meetings then Mr. Benn will have every reason to feel satisfied. Once again he would have demonstrated that the British Government is determined to frame its own policies relating to the exploitation and development of North Sea reserves unfettered by Brussels. The management of "our oil" has become something of a crusade for Mr. Benn.

But there are signs that UK North Sea policies are now being scrutinised more closely by the European Commission, particularly with the growth of State controls and the influence of the British National Oil Corporation. The Government is already in discussion with EEC officials about possible modifications to the Offshore Supplies Interest Relief Grants scheme. These grants are made under the Industry Act in order to reduce the cost of credit to finance the supply of UK goods and services to companies developing oil and gas resources in British waters.

The Energy Department has now been made aware that the Commission is paying particular attention to the way offshore policies relate to several Treaty of Rome articles. At the top of the list is the Government's insistence that all UK North Sea crude oil must be landed in Britain unless a special waiver is given by the Energy Secretary. This provision was included in the North Sea operating rules in order to provide the UK with security of supplies and to encourage the domestic refining of the oil.

Two years ago the issue was raised in the European Parliamen, by a Dutch Socialist representative, Mr. Arie van der Hek. He questioned whether the laws of the Community were being contravened because (a) non-UK oil companies were facing higher transport costs than would be necessary if they were allowed to send oil where they wished, and (b) certain ports in EEC member countries near the North Sea could be put at a disadvantage.

Mr. van der Hek was concerned about the landing issue contravening Article 34 which forbids quantitative restrictions on exports which might hinder deliveries of goods to other Member states.

The British Government was asked to examine its policies in the light of Community law. Since then nothing has happened, partly because no-one has made an official complaint and partly because the Government has been able to show that the long-standing landing requirement does not restrict exports.

However, the issue has re-emerged for two main reasons. First the German Deminex Group was unhappy about the restrictions on the transport of its crude oil from the Thistle Field which came on stream earlier this year. After a good deal of wrangling, Deminex agreed to land 50 per cent of its share of oil in the UK; the tankers are alternating between British and German ports. Deminex wanted the rules to be relaxed further but the conflict now seems to have largely evaporated, thanks to a deal involving BNOC and some of Deminex's parent companies. The State corporation is to sell to German refineries "as a normal commercial transaction" some of its own crude oil won from Thistle and other North Sea crudes.

The second reason has been less well publicised. For some time now the French Government has been discusing with the European Commission possible changes in its own managed oil market. A number of modifications to the French oil refining and distribution licensing system now seem likely but France is asking that the British landing requirements should be reviewed.

However, there are other issues worrying the Commission which has noticed the recent public criticism by some oil companies of UK North Sea policies and the growing role of BNOC. (This rising tide of criticism is also being treated seriously by Mr. Benn and Lord Kearton, chairman of the State oil group, as shown by their recent discussions with oil industry leaders.)

The question arises whether BNOC's activities are contravening the Treaty, in particular Article 86 which relates to "any abuse by one or more undertakings of a dominant position," and Article 90 which covers the activities of public undertakings.

BNOC is playing a much more active part in North Sea exploration and development. It has been given its own batch of licences and it has gained a 51 per cent. participation stake in most North Sea groups with commercial fields. By 1980 the Corporation, according to stockbrokers Wood, Mackenzie, will have gained access to 1m barrels a day of crude (much more than the Royal Dutch/Shell group's current crude oil sales). Increasingly the Corporation is influencing the way oil companies undertake work in the North Sea, as an equity partner, as a state participation member of operating groups, and as a government adviser. Furthermore, the Corporation has been given the right of first refusal in any licence changes.

The industry's concern about the growing and conflicting roles of BNOC is real, however much they are repudiated by Lord Kearton. Conflicts must inevitably arise. As a case in point, BNOC is acting as a government adviser on the development of Mesa Petroleum's Beatrice Field. But at the same time it is seeking an equity stake in the field as part of the proposed licence change involving Kerr McGee and Creslenn. Furthermore, I understand that BNOC has been anxious to secure sole exploration rights in a promising block very close to the Beatrice discovery.

All this is being noted in Brussels although the Department of Energy appears to be undismayed. For a start it points out that BNOC's equity stake in North Sea oil reserves is far from dominant and less than that of some of the private groups. (The State's share of licensed interests is said to be about 10 per cent.)

More fundamentally, however, the Government in framing its offshore legislation has been particularly careful to make sure that no EEC rules are broken.

In spite of suspicions in Brussels and of protests from more vocal members of the oil industry, no formal complaint has been made against Britain's North Sea policies to the European Commission. And this, after all, must be the acid test.

BNOC's EQUITY INTERESTS IN OILFIELDS UNDER DEVELOPMENT

Field	Operator	Estimated recoverable reserves* (m barles)	Estimated year of first production†	Estimated BNOC equity %
Thistle	BNOC	550	1978	16.2
Ninian	Chevron	1,215	1978	21
Dunlin	Shell	585	1978	12
Statfjord‡	Mobil (Norway)	305	1979/80	33.33
Murchison‡	Conoco	315	1980	33.33

* Corporation figures for total recoverable reserves, based on operator's estimates.

† In multiple platform developments the reference is to the year in which oil is to be produced from the first platform.

‡ Statfjord and Murchison fields lie partly in the Norwegian sector of the North Sea. Reserves and BNOC equity are based on the US sectors only.

Source: BNOC 1977 annual report

APPOINTMENTS

J. Hambro elected Phoenix chairman

Mr. Jocelyn Hambro has been elected chairman of the PHOENIX ASSURANCE COMPANY in succession to Lord De L'Isle, who has retired from the Board in accordance with his intention announced in March. Mr. Hambro has been a director of Phoenix Assurance since 1952 and was elected a deputy chairman earlier this year. Sir Seymour Egerton has been re-elected deputy chairman.

*

Sir Arthur Norman has resigned from the London Board of the BANK OF NEW ZEALAND. He had been a member of that Board since January last year. Sir Arthur is chairman of De La Rue and was president of the CBI from 1968-70.

*

Dr. L. Turner has been appointed executive secretary of the EUROPEAN CHEMICAL INDUSTRY ECOLOGY AND TOXICOLOGY CENTRE from August 1. He will be based in Belgium.

*

Two appointments have been made to the Board of BRENTNALL BEARD (HOLDINGS). They are Mr. William Cunningham, managing director of the company's underwriting member Rose Thomson Young, and Mr. Graham Lock, managing director of the Canadian subsidiary, Follwell Insurance Holdings.

*

Mr. Michael Dowding, consulting engineer, has suceeded Professor Jack Nutting as president of the METALS SOCIETY.

*

Mr. P. H. Aldridge, has been appointed managing director of THERMALITE, a subsidiary of John Laing and Son.

*

Mr. Mat Facey is to become managing director of METRIC FASTENERS and of SNW from June 1 on the retirement of Mr. Derek Brook.

*

Mr. Robert Malpas, at present an executive director of IMPERIAL CHEMICAL INDUSTRIES, has been elected an executive vice-president and a member of the Board of HALCON INTERNATIONAL INC. He will be leaving ICI at the end of August to take up his new appointment at the beginning of September.

*

Mr. Nicholas Kessler and Mr. John Drysdale have resigned from the Board of JARDINE FLEMING AND CO. Mr. Kessler leaves to become director and general manager of a Zurich-based investment advisory company associated with Robert Fleming Holdings and Jardine Matheson and Co. Mr. Drysdale is taking up a position as a director of Robert Fleming Investment Management in London. Two other directors of Jardine Fleming, Mr. Robert Thomas and Mr. Christopher Grubb, previously in Tokyo and Singapore, have returned to Hong Kong. Mh. Iain Saunders has become manager of the Tokyo office and Mr. Adam Fleming, manager of Jardine Fleming (Singapore) Pte.

*

The Lord Chancellor has appointed Mr. D. L. Neve as president of the IMMIGRATION APPEAL TRIBUNAL from June 1 in succession to Sir Derek Hilton, who is retiring.

*

Mr. J. A. Tallent retires as senior partner of W. N MIDDLETON AND CO., stockbrokers, on June 9, but will remain associated with the firm. Mr. M. N. Kemp-Gee is to be senior partner, and Mr. G. B. Ashley, Mr. R. L. M. Muirhead and Mr. J. A. Davis will become partners on that date.

*

Mr. Shlomo Ziv and Mr. Richard Armonn have been appointed senior deputy managing directors of BANK HAPOALIM BM. Mr. Ziv, previously comptroller of the bank, will be responsible ex officio for all matters relating to liabilities, and Mr. Armonn, who was deputy managing director and in charge of credits, will now be ex officio responsible for all assets of the bank.

*

Mr. Len Barons has been appointed to the Board of GMS COMPUTING. He is a director of wire-makers Johnson and Nephew (Non-Ferrous).

*

Mr. David Martin, formerly assistant managing director and financial controller of Cossor Electronics, has been appointed financial director of the holding company A.C. COSSOR.

*

Mr. Edward J. Turner has been appointed to the main Board of SECOMETRIC. Mr. A. M. Edwards joins the Board of Secometric (North).

*

Mr. Roger Bowes, previously media director and a Board member at McCann Erickson Advertising, has been appointed advertisement sales director, MIRROR GROUP NEWSPAPERS, from July 1.

*

Mr. H. L. K. Browne, chairman of London and Manchester Assurance Company, has been elected chairman of its subsidiary, WELFARE INSURANCE COMPANY. He succeeds Mr. Lewis G. Whyte, who has retired from the Board. Mr. D. A. L. Jubb, chief executive of London and Manchester, will also become chief executive of Welfare on July 1. Mr. D. H. Baker, a director of London and Manchester and of Welfare, will relinquish his position as general manager of Welfare on June 30 and become general manager (investments), responsible for the asset holdings of the group. Mr. K. H. McBrien, a director of London and Manchester and general manager (marketing), has joined the Board of Welfare with responsibility for marketing within the group.

Welfare Insurance moves its head office from Folkestone to Exeter next month.

HOME NEWS

Engineering industry continues its slow recovery

By Kenneth Gooding, Industrial Correspondent

THE ENGINEERING industry continued its laborious recovery in the three months to the end of February, according to Department of Industry statistics published today.

Order books improved by 1 per cent, mainly because home market orders-on-hand strengthened.

The figures are in line with the recent Engineering Employers' Federation forecast, that the outlook for the rest of this year is for continued slow recovery.

The inflow of new orders from the home market was 3 per cent above the previous quarter, according to the statistics published in Trade and Industry magazine.

Overseas

This improvement, attributable mainly to some mechanical engineering sectors, resumes the recovery which occurred throughout 1976 but was interrupted in the first half of last year.

Home order books rose by 1½ per cent between the end of November and February.

The increase in new home orders was reinforced by a strong rise in orders from overseas, resulting in a 4½ per cent increase in the trend for the combined markets.

The Department of Industry suggests the high February intake of export orders was largely due to a few individual contracts—in metal-processing machinery, generating equipment and electronic capital goods. But this level was unlikely to be maintained.

Export orders-on-hand have on average remained unchanged for several months, with some fluctuations in the level.

Make Enterprise Board more accountable—MPs

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PROCEDURES for making the National Enterprise Board more accountable to Parliament are to be proposed by the House of Commons Public Accounts Committee in about two months.

They form part of a wider examination by the committee of the way that nationalised and State-owned concerns relate to Parliament and may also be expanded to take in the position of the British National Oil Corporation.

The committee, under the chairmanship of Mr. Edward du Cann, the Conservative MP, has discussed the issues involved with the Board, and with the Departments of Industry and Energy.

In particular, the committee has been discussing a proposal it made last autumn that Sir Douglas Henley, the Comptroller and Auditor-General, who is responsible for carrying out its investigations, should have direct access to the Board's books.

At present, the Auditor-General can only examine documents sent by the Board to the Committee, and does not have a free-ranging brief to examine all the Board's files.

Sir Leslie Murphy, the Board's chairman, has objected strongly to the Auditor-General being given such access, but he appears to have few sympathisers among the MPs on the committee.

The role of the Auditor-General is therefore likely to be a central feature of the committee's report and could start a row at a time when the future of the Board after the next General Election is a key political issue.

The Conservative Party would want to curb the Board's entrepreurial role and limit it to being a holding company for ailing companies.

Strategy

On the other hand, the Labour Party is likely to present it as a central feature of a future Labour Government's industrial strategy.

The role of the Auditor-General in assisting MPs to scrutinise the operations of Government Departments and State-run concerns is also likely to become more controversial in the coming months.

In addition to the Board issue, its general role is believed to be under study by the Commons Select Committee on Procedure.

● Margaret Reid writes: Mr. du Cann, as chairman of the committee, has asked the Auditor-General to look into certain aspects of the Board's £5m. investment in the former tanning interests of Barrow Hepburn Group.

An equally-owned new company, British Tanners Products, was set up last year by the Board and Barrow Hepburn to take over these loss-making interests.

Mr. Michael Grylls, Conservative MP for Surrey NW, has written to Mr. du Cann, suggesting that the Board has misled the committee.

Mr. du Cann said yesterday: "I have asked the Comptroller and Auditor-General to make an inquiry into the facts presented to me by Mr. Grylls."

The board is carrying out a very careful re-examination of its own statements and of Mr. Grylls' letter, a copy of which has been sent to it.

Last night, the board commented, "Any suggestion that the NEB would deliberately mislead the committee is nonsense."

Grays rescue go-ahead

BY DAVID CHURCHILL

A HIGH COURT judge gave the go-ahead yesterday to the 7m. rescue operation for investors in the Grays Building Society, Essex, where serious irregularities in the accounts were discovered earlier this year.

Mr. Justice Templeman ruled that Section 43 of the Building Societies Act 1962 could be used as the basis for the building societies movement launching a rescue operation to ensure that no Gray's investors lost any money.

Section 43, which has never been used so far, enables societies to make funds available to a society in trouble. The leading building societies were anxious to clarify the legal position of such aid.

The judge said that the rescue proposals did fall within the section and there were no reasons why he should strive officiously to limit its scope and frustrate what had to be done to safeguard investors.

"The Grays Building Society became the victim of exceptional villainy, ingenuity and misfortune. The chances of a similar calamity happening again are remote."

The discrepancies of almost £7m in the Grays accounts came to light after the suicide of Mr. Harold Jaggard, the society's chairman, on March 17. The losses represented the biggest-ever collapse for a building society and came as a big surprise to the building societies movement.

Under the rescue operation, the Woolwich Equitable Building Society is to take over the Grays. All depositors will have their savings guaranteed with interest.

The next move is for the Grays to call an annual general meeting to effect the transfer to the Woolwich.

● The Falkirk Building Society, one of the oldest in Scotland, is to merge with the Northern Rock Building Society.

The merger, approved by the Registrar of Friendly Societies, was agreed at a recent special general meeting of the Falkirk Building Society. Falkirk's assets of £3.7m will be added to the Northern Rock's to provide combined assets of more than £450m.

Ellerman in liquid gas project

BY RAY DAFTER, ENERGY CORRESPONDENT

ELLERMAN City Liners has joined forces with a U.S. liquefied natural gas technology company, Ocean Phoenix Transport, to investigate the feasibility of liquefying some North Sea gas reserves.

The idea, being considered by the Department of Energy and the offshore oil and gas industry, is that gas reserves too small to be transported ashore economically by pipeline should be converted into liquid fuel and shipped to the UK in tankers.

Ellerman City Liners said that if the concept is shown to be technically and commercially feasible, the project could lead to orders in Britain for ships and capital equipment worth about £100m. by 1980 or 1981.

The group said that as many as 10 short-haul shuttle services for liquefied natural gas might be developed by the end of the 1980s.

The joint venture, to be known as Ocean Phoenix Ellerman, is to carry out a two-stage 12-month feasibility study of the concept.

Mr. David Lloyd, chairman and chief executive of Ellerman City Liners—the shipping division of Ellerman Lines—said that by the mid 1980s about 7bn to 9bn cubic feet a day of natural gas might be produced in association with North Sea crude oil. If the UK Government's stated policy of avoiding flaring and conserving the gas was to be met, then operators would have to find ways of collecting and transporting the fuel.

Plea for more council houses

BY DAVID CHURCHILL

LOCAL AUTHORITIES were urged by the Government yesterday to spend more on building new council houses.

The request came in a circular asking the authorities for housing programmes for the next financial year to be prepared over the next two months.

An extra £50m is to be made available for local authority capital expenditure on top of that already planned for 1978/1979. But the amount each local authority receives depends on the Environment Department's acceptance of their programmes.

No local authority will get less than 80 per cent of its present allocation.

The Department's monitoring of local authority housing plans was introduced a year ago, when councils were asked to put forward Housing Strategies and Investment Programmes.

Since then it has become clear that some local authorities are spending less than they are able to on housing.

To avoid this underspending, the Department's regional offices are writing to local authorities, outlining possible measures.

Rolls wins generator contract

By John Lloyd

ROLLS-ROYCE has won a £10m contract from the Central Electricity Generating Board to supply the main generating plant for a gas turbine power station at Cowes.

Rolls has sub-contracted the design and supply of two generators to C. A. Parsons, worth around £2m.

The new power station, which will be the only one on the Isle of Wight, will be commissioned in 1982. It will generate 140,000 kilowatts, and safeguard the island's supplies, at present wholly dependent on high voltage cables from the mainland.

The installation will be made up of two Rolls-Royce sets, each powered by four Rolls Olympus engines driving a Parsons manufactured electrical generator.

The sets are among the most powerful gas turbine units ever built. Design, manufacture and testing will be carried out by the company's industrial and marine division at Anstey, near Coventry, employing 2,000 workers.

Work is still going on at Anstey on the four gas turbine sets ordered from Rolls by the Board in 1975 for the station at Bulls Bridge, in Middlesex. The first delivery of the machinery is scheduled for later this year.

Sports Council cash up £2½m

MORE THAN £2½m extra cash for the Sports Council was announced today by Mr. Denis Howell, the Minister for Sport.

He said in a Commons written reply that the new grant would be £14.2m—about 25 per cent more than last year's figure.

Family research

THE LEVERHULME TRUST has given £30,000 to start an independent study commission on the family, after moves by the Institute of Family and Environmental Research.

Computer aid

AN ICL computer has been installed at the London offices of the Local Authorities Management Services and Computer Committee to assist statistical and analytical work.

OBITUARY

Sir Harald Peake

SIR HARALD PEAKE, chairman of the Royal Air Force Benevolent Fund since May 1967, has died aged 79.

Sir Harald, knighted in 1973 for his services to the Fund, had also been chairman of the Steel Company of Wales, chairman of Lloyds Bank, a director of Rolls Royce, and a Prime Warden of the Goldsmiths' Company.

During World War Two, Sir Harald was assistant to the Air Member for Personnel, Director of Public Relations, and Director of Royal Air Force Welfare.

Three years before the war started, he raised and commanded a squadron of the Royal Auxiliary Air Force in the West Riding.

Sir Harald is survived by his wife, Dame Felicity Hanbury, whom he married in 1952, and one son.

Trust Houses seeks 12% dearer rooms

By David Churchill

A 12 PER CENT. average increase in hotel room prices sought by Trust Houses Forte is to be investigated by the Price Commission.

The investigation will take three months, and the proposed rise in room tariffs should not affect the tourist trade this summer.

The company said last night that it was considering an appeal under provisions which allowed an interim price rise pending full investigation.

These safeguard provisions allow price rises to be implemented if the company can show that profit levels would be adversely affected by the delay.

Trust Houses Forte notified the Price Commission last month that it sought charges increased by an overall weighted average of 5.28 per cent. It said it intended to put the whole increase on to room tariffs rather than increase charges for meals, drinks and other services.

This means a 12 per cent. rise on average for room tariffs, though in certain areas, including London, Edinburgh, and Cambridge, the increases sought are much larger.

'Rise in costs'

The company said last night that tariffs for its rooms in London were about 40 per cent. lower than for hotels offering comparable standards of service. Outside London it estimates its room charges are some 30 per cent. below the going rate.

Room tariffs were last increased in March last year. The proposed rises came after a substantial rise in costs over the past year, the company said.

Trust Houses Forte has almost 23,000 rooms in 230 hotels. Trading profit before tax in the financial year to October 31, 1977, was £38m, about 60 per cent. more than in the previous year.

Demand for hotel accommodation in the main tourist centres is said to be as high as the record levels last year, Jubilee year.

The Price Commission investigation is under Section 4 of the Price Commission Act 1977.

Brewery cost £29m up

By Kenneth Gooding

COURAGE, THE Imperial Group's brewing subsidiary, disclosed yesterday that the revised cost of its brewery at Reading is £65m, compared with the 1975 estimate of £36m and the adjusted price of 50m two years ago.

Mr. Martin Bunting, Courage's managing director, said that this in no way meant spending on the new brewery was out of control. "It is within budget and on time."

The new brewery will be of moderate size by to-day's standards, with a capacity of up to 1.5m bulk barrels—432m pints—a year.

Its cost provides a pointer to the outlay faced by Whitbread, which is building a brewery at Gwent, and Scottish and Newcastle Breweries and Carlsberg UK, both of which have brewery projects in mind.

Courage has brought forward by 18 months completion of various phases of the project otherwise inflation might well have pushed the final cost towards £80m.

Airline chief urges stricter security checks on baggage

BY SUE CAMERON

THE SAFETY of airline passengers is being jeopardised because thousands of potentially lethal household items escape baggage security checks, a British Airways executive told the International Association of Airport and Seaport Police conference in London yesterday.

Toys, book matches, aerosol products, souvenir barometers, petrol lighters and jars of nail varnish remover could bring down a jet and stringent restrictions governed their carriage in aircraft.

Mr. Donald Dines, British Airways' manager for restricted articles said they were beink taken into planes—often in hand luggage—every day, because airport police were more intent on checking for terrorist arms.

Three explosions happened at Heathrow in the last year. All were caused by in-bound passengers carrying packets of Polish-made toy pistol caps in their briefcases. On each occasion, people had been seriously hurt.

Delegates who had bought barometers in London should ship them home overseas. A "pinhead-sized drop of mercury escaping from a barometer" could start corroding the aluminium alloy frame of an airborne plane within three minutes. Once this happened, the frame would be effectively destroyed within an hour.

Aerosols, unless carried in accordance with the regulations, could also set off explosions capable of tearing a hole in the skin of an aircraft and causing rapid decompression.

"There must be closer liaison between airport police and airlines. The latter do not always have the authority to make the kind of baggage checks they would like.

"My own unit is investigating an average of 20 incidents per week of this type. It is 20 too many. It is frightening.

"At 40,000 feet there are no emergency services available and even if there were, it wouldn't matter. The variety and type of substances and equipment that would be needed to deal with all safety emergencies could not possibly be accommodated on an aircraft."

Mr. Dines warned the conference of the dangers in "safe-hand" transportation of chemical samples by air, when individual members of a company carry samples in their personal luggage.

A Boeing 737 had suffered a fierce baggage hold fire and was engulfed in smoke because of leakage from a suitcase containing four bottles of methyl-ethyl-ketone peroxide, a restricted chemical.

The incident happened at Christchurch, New Zealand, and the fire had started when the plane was preparing for take-off.

The main reason why substances which were safe on the ground became dangerous on a plane was the difference in air pressure. This could vary by as much as 8 lbs per square inch even in a pressurised passenger jet.

There was also a danger of toxic fluids or gases escaping from their containers and affecting both passengers and crew.

Bulk air freight should be correctly packaged, labelled, identified and certificated.

British Caledonian appeals to Dell

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN Airways has submitted to Mr. Edmund Dell, Secretary for Trade, its appeal against the decision of the Civil Aviation Authority to award the air route to Los Angeles to Laker Airways.

Details of the appeal are not disclosed, but it is believed that the airline feels that the CAA did not give sufficient weight to the fact that British Caledonian already holds the Los Angeles route licence, that it is the official "second-force" airline, and that its proposed fares policy for the route is broader-based and more economically viable than the Laker Skytrain plan.

Mr. Dell will have to consider the appeal against a background of increasing concern in air transport over not only the effects of too many cheap fares on the North Atlantic air route, but also the prospect of yet another round of Anglo-U.S. negotiations, because of a sudden change in U.S. policy for the route.

The latter stems from the letter sent by President Carter to Mr. James Callaghan last week suggesting a major change in the Anglo-U.S. Bermuda Two air agreement that would increase from two to three the number of U.S. cities that could be served by two airlines from each country.

Mr. Carter has told Mr. Callaghan that the U.S. intends soon to designate Boston as well as New York and Los Angeles.

In the air lines this has caused alarm. The Department of Trade view is not disclosed, but is believed to be that a major review of North Atlantic routes and fares is agreed with the U.S. for the autumn, and should stand.

Meeting will discuss flight charge changes

BY OUR AEROSPACE CORRESPONDENT

BIG CHANGES in the way the worlds' scheduled airlines fix their fares, and set the standards for in-flight meals and other cabin services, are to be discussed at a meeting of the International Air Transport Association in Montreal on June 30 and July 1.

They stem from an in-depth review from the small task-force of "five wise men," set up at the association's annual meeting in Madrid last November, to consider ways of improving the conduct of the association's affairs, in light of increasing public criticism and governmental interference.

Brakes check call for 150,000 Fords

By Terry Dodsworth, Motor Industry Correspondent

FORD UK is recalling about 150,000 cars and vans in the Capri, Granada, Cortina and Transit ranges because of problems on their dual circuit brake systems.

The cars concerned were all made between November 1976 and last March. Only specific versions of these vehicles are affected, and Ford says that owners will be contacted by dealers for inspections and replacements.

Affected cars could have deficient rear brakes. Ford said that in some cases hydraulic fluid had begun to leak from the connector linking the rear brake system to the master cylinder, reducing the efficiency of the rear wheel brakes.

The function of the front brakes remains unaffected. Ford is carrying out the inspection and replacement, expected to last about an hour, free of charge.

Sea oil repairs '£280m market'

By Our Aberdeen Correspondent

THE NORTH SEA oil repair and maintenance market will be worth £280m a year by the end of the 1980s, Mr. Bill Adams, manager for the Scottish Council (Development and Industry), said in Aberdeen yesterday.

To maintain peak production levels, companies would have to invest about £280m a year, representing about 2 per cent of the estimated peak production gross value of £10bn-£12bn per year.

Giving figures from a six-month study undertaken by the council, he said that the assessment was the first realistic survey of the inspection, maintenance and repair market.

In the 1980s an estimated cumulative capital investment of £12.5bn on oil and gas production and allied facilities could rise to £17bn by the end of the decade.

"These installations will require continuous inspection, maintenance and repair throughout their working lifetime."

Mr. Adams was speaking at a presentation by International Factors, which was publicly announcing its commitment to the North Sea.

Maintenance, inspection survey testing, general upkeep, modifications, repairs and £90m to £280m by the end of the 1980s, he added.

Come to Wales

A £1M publicity campaign is to be launched by the Wales Tourist Board to attract visitors to Wales. The campaign will include special publicity to promote the South Wales valleys.

Rate switch puts back the onus where it belongs

BY MICHAEL BLANDEN

NEWS ANALYSIS

● MLR

THE DECISION to drop the market-related formula for determining the Bank of England's minimum lending rate is an open recognition of the difficulties which have been experienced in applying this system in the past few years.

It acknowledges that the level of interest rates is a central part of Government policy, for which the main responsibility has to be borne by the authorities. And it is likely to be welcome to the City markets, which have become increasingly worried about the uncertainties and volatility associated with the previous system.

The move comes as no great surprise. It has been obvious for some time that the Bank of England was finding it necessary to use every means at its command—ranging from what has become known as "signalology" in the discount market, open messages to the market, and direct intervention—in order to achieve the official aims.

Discussions between the Bank and the Treasury took place early this year, and the City has been speculating about possible changes for at least 18 months.

The change restores overt responsibility for deciding the rate to the authorities. The minimum lending rate, which replaced Bank rate in October 1972, continues to fulfil the same function. It is the lowest rate at which the Bank will act as lender of last resort to the discount houses—the only members of the London banking community which enjoy this privilege—and is therefore a key rate in determining the whole structure of rates in the short term money markets and in the banks and a major instrument of official monetary policy.

This role was openly recognised in the old Bank rate system. The regular Thursday official announcement of Bank rate was a major event in the City: it was moved only infrequently, and when it was put up to a crisis level of 7 per cent the stockbrokers rushed to the market to cover their positions. But Bank rate had another important function which no longer exists.

This was that the big clearing banks linked their own lending and deposit rates directly to the level of Bank rate.

When the Government decided to move Bank rate, therefore, the effects were felt immediately throughout the economy. The significance of Bank rate, however, was sharply reduced in the autumn of 1971 by the introduction of Competition and Credit Control which had major technical implications for the financial markets.

The big banks were freed from the credit controls which had previously inhibited their lending. In return, they abandoned their old cartel agreements on interest rates. Lending and deposit rates ceased to be directly linked to Bank rate, and the banks individually set their own base rates for lending which, though they have normally been in line with each other, have on occasions shown significant differences

During the following year, Bank rate lost further importance as it became increasingly out of line with the market. For a period, the official rate was so far behind the level in the market that it had ceased to act in its traditional function as a penal rate to the discount market.

The MLR formula replaced Bank rate, which had existed in one form or another for some 270 years. The change was designed to achieve a number of objectives. It ensured, by linking the official rate directly to market rates, that it would always be in line with the market. The minimum lending rate was to be determined by a formula which took the average rate on Treasury bills at the weekly Friday tender, added ½ per cent and rounded the result up to the nearest ¼. The immediate result in 1972 was to produce an MLR of 7¼ per cent, compared with the previously ruling 6 per cent Bank rate.

The change was also aimed to provide the authorities with a more flexible instrument for exercising their influence over the markets. And it was intended to remove from the decision on the official rate the strong political overtones and the drama which had previously been associated with the weekly Bank rate announcement.

Even at that time, however, the Government reserved its right to suspend the formula and to announce a minimum lending rate independently—normally on a Thursday. This power has been used on a number of occasions, for example when MLR was lifted by 2 per cent. to 15 per cent. in the crisis of October 1976. Most recently, the rate was increased in last month's Budget from 6½ to 7½ per cent.

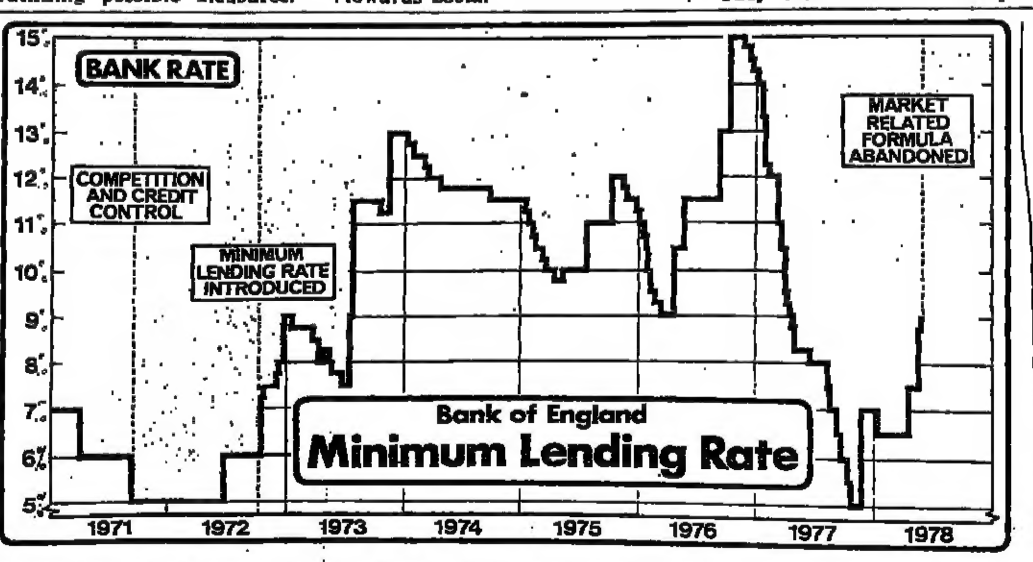
The Bank has also needed to use a variety of instruments to affect the movements of Treasury bill rates and thus the level of MLR. It has operated to influence the money markets, including forcing the discount houses to borrow at the penal MLR when it wanted to discourage a decline in rates.

It has, on occasion, simply announced, to the market or openly in the City, what it wanted to happen. And in March last year, it took further powers to over-ride the normal formula after the bill tender on Fridays if it did not like the result.

Perhaps the most difficult period was in the early months of last year, when the authorities were trying to stem market pressure towards a sharp and sustained fall in interest rates. During the period the Bank had to use every means available to influence the market, including suspending the formula and over-riding the rate on a Friday.

It became clear that the pretence that the rate was market-determined could not be maintained, and that the operation of the formula was creating difficulties not only for the authorities but also for the markets themselves because of the weekly uncertainties over the outcome of the bill tender.

Yesterday's announcement came at a time when the market had again been tentatively trying to push rates upwards when the authorities really want a period of stability. While not a complete return to the old Bank rate system, the decision means that the rate will in future be openly administered.



Tanker control plan proposed by France

BY PAUL TAYLOR, INDUSTRIAL STAFF

THE FRENCH Government is likely to win international support to-day for a set of proposals, including larger pollution compensation funds, after the Amoco Cadiz disaster.

A series of four main proposals were put forward by the French delegates to the Inter-Governmental Maritime Consultative Organisation council meeting in London yesterday and are understood to have received considerable support. The organisation is the maritime arm of the UN.

The French proposals flow from a document presented to the organisation's Maritime Safety committee last month and if passed by the council and its committees, could eventually have a wide impact on international tanker safety laws.

Although the French Government has yet to release details of the cost of the damage caused when the Amoco Cadiz ran aground off Brittany they have already indicated that existing international and industrial compensation schemes are not likely to meet the full cost.

It has therefore asked the council to refer existing compensation arrangements to its legal committee which meets next week, for possible revision.

At present, the only convention covering compensation is the 1969 Civil Liability convention although the 1971 fund convention is due to come into operation shortly. Under the two schemes the maximum compensation available a year will be $30m (£16.5m) or $16m (£8.8m) for each accident.

The French Government also wants the legal committee to consider requiring tanker captains to notify nations immediately of any casualty, even in international waters, which is likely to present a pollution threat.

France also wants consideration of the need to update the 1910 Brussels convention which governs salvage and which France considers anachronistic. The convention should again be referred to the legal committee, say the French.

Finally, French delegates want an authority working party set up to examine the relationship between the vessel's master, owners and country of registration. This question has arisen because of concern that captains may be encouraged to forgo safety requirements to meet commercial pressures.

The authority's council yesterday decided on a package of measures designed to speed the implementation of protocols and conventions, focusing on the appointment of five consultants who will seek to explain decisions to member states and urge their quick acceptance.

The council has also decided on a series of technical seminars, the first in October, to provide a forum for exchange of views on the protocols.

Meanwhile, Mr. Gerald Cooper, Liberia's Maritime Affairs Commissioner, yesterday sought to defend his country's flag of convenience policy and to answer what he described as "extreme" and "irksome" criticisms from "certain parties."

The problems of tanker accidents were universal. Liberia, which had the largest merchant fleet in the world including one third of the world tanker tonnage, "insists on the observance of strict safety rules," and had succeeded in reducing the number of Liberian casualties.

HOME NEWS

Output of gas, coal and oil shows big rise

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITAIN'S energy strength is improving with rising oil and gas production and a significant increase in coal mining productivity, according to the Government's latest energy statistics.

The North Sea provided 46 per cent of UK crude oil supplies in the first three months of this year. However, reduced energy demand led to a drop in oil refinery output of 0.8 per cent below last year's level.

The oil industry continued to see consumption of fuel oils falling against a rise in output of lighter products such as petrol, naphtha and aviation turbine fuel.

Total natural gas supplied during the period February to April was 5.1bn therms, 10.4 per cent higher than in the comparable months of last year.

About 8 per cent of this total comprised imported gas, most of this coming from the Norwegian sector of the Frigg Field.

Productivity in the coal industry in the first four months of this year was 3.1 per cent higher than in the same months of last year, although total inland coal consumption during the February-April quarter dropped 4.5 per cent.

The Department of Energy's Energy Trends report also shows that in the first three months of the year, the electricity industry supplied 1.1 per cent. more energy than in the same period last year.

This increase was confined to February, which was particularly cold, however.

After allowing for this year's colder weather, total energy consumption during the first quarter was 2.4 per cent. down on last year's level.

Energy consumption in the first three months was the equivalent of 98m tonnes of coal.

Energy department research 'growing'

A SUBSTANTIAL rise in the Department of Energy's research and development budget—now running at about £28m a year—is forecast by Sir Hermann Bondi, the department's chief scientist in a Government report, writes Ray Dafter.

The rise will occur over the next five years, benefiting in particular offshore technology projects, renewable energy sources, conservation measures and coal utilisation, he says in a report to be considered by the Energy Commission on June 6.

In the last year, the Department has spent £27.8m on research and development, slightly less than in 1976/77 but £5m more than in 1975/76.

The Department's spending accounts for only 10 per cent of total energy research and development expenditure in the UK.

Total public sector spending, including work carried out by energy industries, research councils, universities and British Steel Corporation, amounted to some £240m in the year 1976/77.

It is estimated that in addition at least £50m a year is spent by private industry on research and development into the production, distribution and use of energy.

Energy Research and Development. Energy Commission Paper No. 12; available, Department of Energy, Thames House South, Millbank, London, SW1.

New law urged to restore meat standards

By Christopher Parkes

THE PRACTICE of adding water to processed meat and extra fat to minced meat is widespread in Britain, a survey shows.

Trading standards officers are calling for new legislation, either to ensure that traditional standards are restored, or that consumers are told clearly on food labels what they are buying.

A report from the Association of Public Analysts and the Institute of Trading Standards suggests that meats such as pre-packed "ham" should be given a new name because they are so unlike the traditionally accepted products.

There are no statutory standards for ham-makers to follow, but more than 80 per cent. of pre-packed sliced ham sampled in a national survey contained "excess" water.

At least 64 per cent of all the "ham" products sampled—including traditional "ham off the bone"—also contained excess water.

"From the statistics, there is ample evidence of the addition of extraneous water to ham of between 5 and 25 per cent, the most common addition being around 15 per cent."

Consumers were being charged about 15p a pound for this water. No evidence was found that savings in the cost of meat in the processed ham were passed on to shoppers.

Designation

"One clear conclusion is that the nature of ham in the traditional sense is changing towards a more watery product.

"This is clearly a different product from the traditional ham and really requires a new designation."

Excess water was found in prepacked and sliced cooked beef. "Again, it appears that the public are being sold what are in essence two different products, the traditional and the watered, but are completely unable to differentiate prior to purchase."

Sausages were "padded out" with finely minced skin and "other parts of the animal normally too tough to be considered edible."

Water was added by blending it with fat and consumers were being charged "normal" prices for these products.

"There appears to be no evidence that sausages made in this manner are sold at significantly less than the more traditional product," says the report, which was presented to Humberside Council this week.

Prosecutions

Analysts noticed a break over the past 18 months with traditional ways of making mine. Many butchers sel mince with more than 25 per cent. fat content, and recent prosecutions have aroused the anger of the Meat Trade's Federation.

"One would have epected a reputable trading organisation to be more interested in preventing unfair competition from a minority of its members, rather than complaining when routine monitoring reveals a new undesirable trade practice," the report says.

Diamond manufacturers call for surcharge lift

BY PAUL CHEESERIGHT

DIAMOND manufacturers yesterday pleaded for the withdrawal of the surcharge imposed on rough diamond prices by the De Beers Central Selling Organisation.

"It was justified, but there isn't any justification for it to continue. The market will stabilise only if the CSO gets rid of the surcharge," said Mr. Hayim Danieli, the managing director of the Israeli Diamond Manufacturers' Association.

The Organisation, which dominates the world market in rough stones, imposed a 40 per cent surcharge over its list price for a sale in April, and reduced it to 25 per cent for the sale earlier this month.

There are 10 sales held in London each year for about 300 selected clients.

The surcharge was levied to curb speculative trading which, earlier this year, had resulted in rough stones changing hands at premiums of up to 100 per cent above Organisation's list price.

The next sale starts on June 6 and whether Mr. Danieli's plea will be answered will be apparent next week, when Organisation tells clients of its pricing policy for the sale.

Many stones purchased speculatively have been stockpiled in Israel, and Mr. Danieli's comments come when the hoarded diamonds are gradually being released.

Certainly, the high premiums paid for the stones in February and March no longer obtain.

Some varieties have recently been selling on the open market at a value of 10 to 15 per cent less than the organisation's list price plus the 25 per cent surcharge.

At the same time, Israeli imports of rough diamonds bought on the open market have dried up. One reason is the pressure which banks have been putting on Israeli clients to reduce their overdrafts.

Much of the speculative buying had been financed by bank credit.

$ premium trial man dies

Financial Times Reporter

MR. ALFRED TAYLOR, aged 62, one of the accused in the Old Bailey dollar premium case, has died after collapsing at Waterloo station.

Mr. Taylor, a builder, of Inverness Terrace, Kensington, was on his way home on Wednesday night. He died in hospital.

But the trial against the other defendants, including Mr. John Martin Wales, 42, a suspended Bank of England official, went on after a short adjournment yesterday. The summing-up by Judge Buzzard will take place normally.

Mr. Taylor, who had admitted in evidence that he was a Scotland Yard informant, had suffered from heart trouble for many months.

Mr. Wales, who, like the other defendants, denies conspiracy to get money dishonestly through dealers in investment currency, has told the court that he never met Mr. Taylor during the time that the offences are alleged to have been committed.

Use of micro-computers 'need not cost jobs'

BY MAX WILKINSON

THE THREAT of micro-computers causing unemployment can best be countered by a whole-hearted acceptance of the electronics revolution, mechanical engineers were told yesterday.

Professor Christopher Freeman and Mr. Ray Curnow, of the Science Policy Research Unit, Sussex University, said that studies indicated a serious possibility of 4m to 5m people becoming unemployed in the UK by 1990.

They were giving a joint paper on the Computer Revolution—Industry and People at the Institution of Mechanical Engineers.

The options were to accept that micro-computers would create unemployment through automation in certain sectors of industry, or to try to ensure that their use in the UK would be slower than elsewhere.

"This technical change may proceed so slowly in the UK and its potential labour displacing effects may be so damped down by social resistances that in fact there is no acceleration (of unemployment).

"If this is the case then there would be little prospect of the UK catching up, or even keeping pace with the world leaders in labour productivity.

"We are already a long way behind the EEC, Japan and the U.S. in output per man hour, and if we were to lag in micro-electronics, then we would fall right back."

The relative performance of the UK economy would then become even weaker, the growth rate slower and unemployment would probably increase because of poor competitiveness in world markets.

On the other hand, there could be no certainty that if the UK caught up with the world leaders in industrial productivity, there would be more jobs.

This was because the power of the micro-computer would become so pervasive that many jobs would be automated out of existence even in expanding industries.

However, on balance, more jobs would result if productivity was increased as rapidly as possible. Higher productivity could result in improved exports and have a stabilising effect on the economy, which could then absorb additional labour.

Taxman returns to retirement

BY DAVID FREUD

BRITAIN'S longest-serving taxman retires today — at the venerable age of 92.

Mr. William Curtis has been involved in taxation for the past 70 years. He joined the Inland Revenue in 1907, at the age of 21, and spent much of the next 44 years as an inspector in charge of a district.

Retirement at 65 in 1951 failed to keep a good taxman down. From gamekeeper he turned poacher and has spent the past 27 years dealing with taxation from the other side of the fence—as a consultant.

For most of that time he has been the senior adviser to the London-based Income Tax Payers' Society.

Apart from answering members' queries, one of his tasks has been to write letters to the Chancellor with tax suggestions for his budget. Afterwards he would write another letter explaining why the budget proposals would not work.

He does claim one or two successes. Before the last budget he had urged easing of the investment income surcharge and capital gains tax, and the Chancellor introduced such measures in both these areas.

After his long experience on both sides of the fence, Mr. Curtis paid a handsome tribute to his original employers, the Inland Revenue.

Dismissing recent attacks on the "grasping taxman," he said: "I'm sure they honestly try to be fair. There's too much made of the occasional mistake, which is bound to crop up in any large organisation."

COMPANY NOTICES

TRONOH MINES MALAYSIA BERHAD
(Incorporated in Malaysia)
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the second Annual General Meeting of members of Tronoh Mines Malaysia Berhad will be held at the Cempaka Room, Hotel Equatorial, Jalan Sultan Ismail, Kuala Lumpur, Malaysia, on Monday, 19th June, 1978 at 12 noon for the following purposes:

To consider and, if thought fit, pass the following ordinary resolutions:

1. "That the profit and loss account for the year ended 31st December 1977 and the balance sheet of the company at that date and the consolidated profit and loss account for the year ended 31st December, 1977 and the consolidated balance sheet at that date, together with the annexed report of the directors, be and are hereby approved and adopted."
2. "That Mr. A. J. W. Owston who retires from the board by rotation be and is hereby re-elected a director of the company."
3. "That Tan Sri Tan Chin Tuan who retires from the board by rotation be and is hereby re-elected a director of the company."
4. "That Encik Junus Sudin who was appointed to the board since the last Annual General Meeting be and is hereby re-elected a director of the company."
5. "That Mr. Lee Siew Choong who was appointed to the board since the last Annual General Meeting be and is hereby re-elected a director of the company."
6. "That Messrs. Peat, Marwick, Mitchell and Co. be and are hereby appointed the company's auditors for the period until the conclusion of the next Annual General Meeting and that the remuneration to be paid to them be fixed by the board."

By way of special business to consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

7. "That the remuneration to be paid to the company's directors under article 85 of the articles of association be fixed at a rate of $9,375 per annum for the Chairman and at a rate of $7,500 per annum for each director (other than the Chairman) which shall be deemed to accrue de die in diem with effect from 1st January, 1978 until further notice."

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company.

By order of the Board
CHAN HON KEONG
Joint Secretary

10th Mile, Federal Highway
Sungei Way, Selangor
Malaysia
25th May, 1978

NOTES:
1. The form of proxy to be valid must reach the Registrars' office at 10th Mile, Federal Highway, Sungei Way, Selangor, Malaysia not less than 48 hours before the meeting. Postal address: P.O. Box 2125, Kuala Lumpur 01-02, Malaysia.
2. There are no directors' service contracts required by The Stock Exchange, London to be made available for inspection at the meeting.

Notice to Bondholders
PROVINCE OF NEWFOUNDLAND
20,000,000 Canadian Dollars 9½%
1975/1983 Bonds

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that no Bonds have been purchased for the Purchase Fund during the twelve-month period from May 15, 1977 to May 14, 1978.

Amount outstanding: $CAN 19,750,000.-

May 26, 1978.

THE PROVINCE OF NEWFOUNDLAND
(Canada)

GOLD FIELDS GROUP
DEELKRAAL GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
OFFER OF SHARES TO MEMBERS TO RAISE R47,502,000

The directors announce that acceptances have been recieved in respect of 90.7 per cent of the offr which was made to members in order to raise R47,502,000.

Head Office:
Gold Fields Building,
75, Fox Street,
Johannesburg.
2001.

London Office:
49, Moorgate,
London,
EC2R 6BQ.

26 May, 1978.

TRAFALGAR FUND S.A.
société anonyme
Registered Office: LUXEMBOURG, 14, rue Aldringen
Commercial Register Section B No. 4.202

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of TRAFALGAR FUND S.A. will be held at its registered place at Luxembourg, 14, rue Aldringen, on June 13th, 1978, at 15.00 hours for the purpose of considering and voting upon the following matters:

1. To hear and accept the reports of:
   a. the directors
   b. the statutory auditor.
2. To approve the balance sheet and profit and loss account as at February 28th, 1978.
3. To discharge the directors and the auditor with respect to their performance of duties during the year ended February 28th, 1978.
4. To elect the directors to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until the next annual general meeting of shareholders.
6. To resolve on an increase of the fee paid by the Fund to the investment adviser.
7. Any other business.

In order to take part at the statutory meeting of June 13th, 1978, the owners of bearer shares will have to deposit their shares five business days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with one of the following banks:

—Banque Générale du Luxembourg, S.A., 14, rue Aldringen, Luxembourg
—J. Henry Schroder Wagg & Co. Limited, 48, St. Martin's Lane, London WC2N 4EJ.

THE BOARD OF DIRECTORS.

BANK HANDLOWY W. WARSZAWIE S.A.
$US 30 million
Floating Rate 1978/1988

The rate of interest applicable for the six months period beginning on 25th May 1978 and set by the reference agent is 9⅞% annually.

GEORGE ARMITAGE & SONS LIMITED

NOTICE IS HEREBY GIVEN that the transfer registers for 5% First Cumulative Preference Shares and 10½% Second Cumulative Preference shares will be closed from the 17th to the 30th June, 1978, both dates inclusive.

By Order of the Board.
D. J. THORNTON, Secretary.
Robin Hood,
Wakefield,
West Yorkshire WF3 3BP.

TIGER OATS AND NATIONAL MILLING COMPANY, LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO PREFERENCE SHAREHOLDERS
5½ PER CENT. CUMULATIVE PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that Dividend No. 68 of 2¾% (Two and three-quarters per centum), for the half-year ending 30th June, 1978, equivalent to 5½ (Five and a half) cents per share, has been declared payable to holders of 5½ per cent. cumulative preference shares, registered in the books of the company at the close of business on the 16th June, 1978.

The dividend is declared in the currency of the Republic of South Africa, and warrants will be posted, by the company's transfer secretaries in South Africa and in the United Kingdom, on or about the 3rd August, 1978.

Dividends payable from the United Kingdom will be paid in United Kingdom currency. Shareholders paid from the United Kingdom will receive the sterling equivalent of the rand currency value of their dividend on 26th July, 1978, less appropriate taxes.

The transfer books and registers of members will be closed from the 17th to the 30th June, 1978, both days inclusive.

The dividend is subject to the deduction of 15 per cent. Non-Resident Shareholders' Tax in the case of those shareholders whose addresses are outside the Republic of South Africa.

By Order of the Board.
H. YUDELOWITZ, Secretary.

London Office:
40, Holborn Viaduct,
EC1P 1AJ.
United Kingdom Office of the Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent TN24 8EQ.
25th May, 1978

THE ASSOCIATED PORTLAND CEMENT MANUFACTURERS LIMITED

NOTICE TO HOLDERS OF BEARER WARRANTS

NOTICE IS HEREBY GIVEN to the holders of the Company's Ordinary Stock Warrants to Bearer that, following a resolution passed at the Annual General Meeting of the Company held on 25th May, 1978 a Final Dividend of 6.4523 per cent on the Ordinary Stock of the Company for the year ended 31st December, 1977 will be paid upon presentation of Coupons No. 34.

Warrant holders who are employees of the Company or any of its subsidiary companies, should follow the instructions shortly to be displayed on Company notice boards; warrant holders who are not employees must present their Coupons No. 34 to the Company at the address shown below through an Authorised Depositary e.g., Banker, Solicitor or Stockbroker, on or after 5th June, 1978.

Pursuant to a Special Resolution passed at the same meeting, the name of the Company is to be changed on 1st June to Blue Circle Industries Limited. Bearer Warrants bearing the former name will continue to be fully valid and issued until existing stocks are exhausted when the new print will bear the new name. In the meantime self-adhesive labels referring to the change of name will be issued to warrant holders for attachment to warrants on the basis of one for each warrant in respect of which Coupon No. 34 is surrendered. They will be sent to claimants a few days after the Coupons are received at Portland House.

By Order of the Board,
H. W. R. HAM, Secretary.
Portland House,
Stag Place,
London, SW1.
26th May, 1978.

ART GALLERIES

BROWSE & DARBY, 19, Cork St., W.1. FORAIN. Mon.-Fri. 10.00-5.30. Sat. 10.00-12.30.

COLNAGHI, 14, Old Bond Street, W.1. BRITISH AND FRENCH PRINTS 19th and 20th Century and L. S. LOWRY DRAWINGS. 10th-30th May. Wkdys. 9.30-6. Sats. 10-1. Tel. 01-491 7408.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of
No. 001547 of 1978
DAUNBORN LIMITED
No. 001557 of 1978
WORKLANE LIMITED
No. 001558 of 1978
EUROLITE LIMITED
No. 001559 of 1978
E. D. GOWNS LIMITED
No. 001562 of 1978
WILLIAMS DUNN LIMITED
and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were, on the 15th day of May 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 19th day of June 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of June 1978.

No. 001353 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of J. ROBINSON (GROCERS) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 28th day of April 1978, presented to the said Court by DUTEBOURNE LIMITED (in liquidation) of which the registered office is situate at 29 Queen Anne Street, London, W1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 12th day of June 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HERBERT OPPENHEIMER,
NATHAN AND VANDYK,
20 Copthall Avenue,
London, EC2R 7JH.
Ref: ISB/GMT.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of June 1978.

No. 001461 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MOBAX LIMITED and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 5th day of May 1978 presented to the said Court by NYLONIC ENGINEERING CO. LIMITED whose registered office is situate at Woodcock Hill, Rickmansworth, Herts.

And that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 12th day of June 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose: and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BIDDLE & CO.,
1, Gresham Street,
London EC2V 7BU.
Agents for Messrs. Cripps and Shone,
The Old House, West Street,
Marlow, Bucks.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of June 1978.

No. 001663 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TARA FURNITURE LIMITED and in the Matter of The Companies Acts 1948 to 1967.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-up of the above-named Company by the High Court of Justice was on the 23rd day of May 1978, presented to the said Court by THE SECRETARY OF STATE FOR TRADE of 1, Victoria Street, London, SW1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 26th day of June 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TREASURY SOLICITOR,
Matthew Parker Street,
London, SW1.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of June 1978.

CLUBS

EVE, 189, Regent St. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

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Write in complete confidence to J. E. B. Drake as adviser to the group.

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Further particulars may be had from the Secretary of the University Court (Room 15), University of Glasgow, Glasgow G12 8QQ, with whom applications should be lodged on or before 30th June, 1978.

In reply please quote Ref. No. 4148AS.

PUBLIC NOTICES

BOURNEMOUTH CORPORATION BILLS Issued 24 May, 1978, £1,700,000 Bills due 23 August, 1978, at 8⅟₁₆%. Applications £8,200,000. Bills outstanding £1,700,000.

HERTFORDSHIRE COUNTY COUNCIL £2m. Bills issued 24.5.78, due 23.8.78 at 8 53-64%. Applications totalled £8m. Total outstanding £2m.

PARLIAMENT AND POLITICS

Chancellor claims IMF proof of confidence

BY JOHN HUNT

IN THE FACE of open sceptism from the Conservatives, Mr. Denis Healey, Chancellor of the Exchequer, yesterday reaffirmed his determination to contain the growth of money supply and to keep the public sector borrowing requirement down to the figure of £8.5bn given in his Budget.

Defending himself against continuous Opposition attacks during Treasury question time in the Commons, the Chancellor produced as his trump card the letter which he had written to Mr. Witteveen, managing director of the International Monetary Fund, obtaining an extension of the IMF stand-by credit of $4.1bn (£2.3bn).

"We have the confidence of the IMF. We have had it for 18 months," he told the House.

"We shall continue to maintain it for the next 12 months. The continuation of the stand-by credit is the best proof of that."

By the end of question time, however, Mr. Healey's arguments had entirely failed to allay the fears of the Opposition that the recent higher growth of money supply would lead to an increased rate of inflation by the beginning of next year.

The Chancellor did concede that some of the factors which contributed to the recent upsurge in money supply had not been foreseen. As a result, he said, the Government is now in contact with the Bank of England to see what increased surveillance could be exercised "so that we are not caught on the hop again."

Mr. Healey said that his letter to Mr. Witteveen reaffirmed the policies for the public sector borrowing requirement and domestic credit expansion which had been laid down on December 15, 1976.

These policies, he said, were fully consistent with his recent budget speech and with continuing the stand-by credit. The budget had set limits on $8.5bn, for the PSBR in 1978-79 and $6bn, for domestic credit expansion.

"I have reasserted my determination to observe these limits and the IMF team expressed confidence in our policies," he declared. "They were particularly impressed by the way in which our policies for prices and incomes in the past three years had helped to roll back inflation and to open the prospect of further reductions in unemployment."

On money supply, the Chancellor recalled that in the 12 months to mid-April, M3 (the wider definition of money supply) grew by 16½ per cent. He conceded that this was above the upper end of his target range.

But in the past two months, he added, there had been rises in interest rates, particularly short term rates, which had not yet influenced the published figures. These increases reflected the Government's determination to keep M3 growth in the year to mid-April 1979 within the 8 to 12 per cent target range.

Turning to the borrowing requirements, he told MPs "I shall be watching PSBR closely throughout the year.

"If, at any time, it should prove necessary to take corrective action to maintain the £8.5bn limits—as a result of the Opposition amendments to the Finance Bill or for any other reason—I shall not hesitate to do so."

Mr. Wyn Roberts (C. Conway) maintained that the recent rise in money supply was bound to lead to an increase in inflation. He maintained that the inflation figures for the past three months indicated an annual rate of increase of 11.2 per cent.

But Mr. Healey did not agree with his thesis. He pointed out that West Germany still had a low rate of inflation despite exceeding its monetary targets. There had been five special factors in the recent growth of M3.

1.—Excessive inflows of external currency which had been reversed in recent months.

2.—The bringing forward of public spending by authorities to take advantage of the short fall over the last fiscal year. This was likely to lead to a smaller increase in public spending in the coming months.

3—The higher than expected liquidity of the institutions. These institutions, said the Chancellor, were sitting out the markets for gilts and therefore could not complain about the increase of money supply.

4—The Government had allowed a substantial increase in interest rates since the overshoot in the money supply had occurred. The effect of these decisions had yet to be felt.

5—There had been some window dressing by the clearing banks who feared the introduction of the corset. But the Government had made it clear that if the corsets were introduced it would have a retrospective effect so that the banks who had taken this course would derive no benefit from it whatever.

Sir Geoffrey Howe, shadow Chancellor, was particularly unhappy about Mr. Healey's reference to the West German experience. He pointed out that the money supply targets in the UK had been overshot by a far larger percentage than in Germany.

In the past six months, the 21 per cent growth in the rate of M3 was twice as fast as intended, he said. If the inflow of funds had been reversed, then why had money supply grown at the rate of 24 per cent over the past quarter?

"Aren't you courting disaster and the certainty of higher inflation by failing to bring money supply under control now?" he asked Mr. Healey.

Reflecting Tory misgivings about the PSBR Mr. Ian Gow (C. Eastbourne) said it was becoming increasingly clear that the figure of £8.5bn was dangerously high. It would lead to an accelerating rise in interest rates and would pre-empt resources from the wealth and job creating sector.

MR. HEALEY'S LETTER

Mr. Healey's letter to Mr. Witteveen, managing director of the IMF, says:

Dear Mr. Witteveen:

In my letter to you of December 15, 1976, I indicated that I expected domestic credit expansion to be kept to £6bn in the 12 months ending April 18, 1979. In addition, I expected the public sector borrowing requirement for 1978-79 not to exceed the figure of £8.6bn and since presenting my Budget, I have committed myself to a public sector borrowing requirement of £8.5bn.

In my letter to you of December 14, 1977, I stated my intention to review policies further with the Fund on the occasion of the normal consultation during May 1978. I have now undertaken this review and concluded that these amounts are adequate to achieve the desired economic recovery, and to meet the prospective financial requirements of industry for investment and expansion.

Yours sincerely

Denis Healey

New names error may be sabotage, MP claims

By Ivor Owen, Parliamentary Staff

AN INQUIRY has been ordered by the Speaker, Mr. George Thomas, into allegations that "probable sabotage" by the Parliamentary printers has led to the names of Tory MPs being wrongly linked with Labour-sponsored motions critical of the monarchy.

The sabotage chrage was made in the Commons yesterday by Mr. Anthony Fell (C., Yarmouth) when he complained that, for the second time in three days, his name and that of other Tory MPs had ben incorrectly associated with "anti-monarchy" motions.

He recalled that there was a certain amount of levity in the House on Tuesday when it was pointed out that an apparent printing error had resulted in the names of 23 MPs, mostly Tories, being published as supporters of a Labour motion calling for the Royal family to be taxed like other citizens.

Mr. Fell suggested that the House might take a different view now that a second motion, on this ocasion attacking "wholly unwarranted anual increases" in the Queen's Civil List, had also appeared with the names of Tory MPs, including his own, attached to it when it was well-known that they would be utterly opposed to its contents.

"It is not posible—at least it is not credible—for anybody to believe that such a mistake could have ben erepeated in three days on a similar motion against the monarchy." The question of Parliamentary privilege could be involved, he said.

The Speaker said he took "a very sarious view" of what had occurred, and a very full investigation had been ordered. He acknowledged that the Parliamentary printers had to work under great pressure and that human error could occur.

SNP approves policy of open government

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE Scottish National Party yesterday approved a policy document committing itself to introduce open democratic government with maximum public accountability.

On the first day of the party's annual conference in Edinburgh, Prof. Neil MacCormick said that the policy was particularly relevant as Scotland entered the coundown period for the Scottish Assembly.

The SNP, he argued, would blaze a trail in ending the profligacy and patronage of the present system of Government. There would be democratic control of the bureaucracy and more power for backbenchers through standing committees shadowing the work of each Department of State.

Mr. George Reid, MP for Clackmannan and East Stirlingshire, called for the Scottish Assembly to sit in working hours and end the farce of important decisions being taken in the middle of the night.

The conference approved a demand for land purchases by foreigners and institutions to be banned, pending the introduction of a land register for Scotland.

Mr. John Fergusson said that three estates had been bought by Dutchmen within the last two weeks, and the pace was increasing. These new owners were not interested in working the property or in preserving the livelihood of the families who lived and worked on it. They were concerned only with making a quick profit.

Mrs. Margo MacDonald, SNP candidate in next Wednesday's by-election at Hamilton, demanded that the party should demonstrate an alternative strategy to combat the de-industrialisation of Scotland.

"We must show that there is only one alternative strategy to ensure that the resources of Scotland—people, land, and energy—are not exploited and then discarded by big business or nationalised industries controlled from London, she declared.

Concern was expressed at the growth of foreign interest in the Scotch whisky industry. Dr. John Hulbert said that 49 of the 130 distillery companies were registered outside Scotland, either in London or abroad. Important parts of the industry were being absorbed into huge multinational groups.

The Scottish Development Agency should be required to repurchase those whisky interests that had already gone outside the country.

Complaint of 'prying taxmen' rejected

REPORTS OF over-zealous attitudes by tax inspectors were "grossly exaggerated," Mr. Joel Barnett, Chief Secretary of the Treasury, said in the Commons yesterday.

Replying to Mr. Peter Blaker (C Blackpool S.) who complained about the "unreasonable prying nature" of some questions, Mr. Barnett declared: "Even where there is a suspicion of evasion, I would not accept that there is an intolerable attitude on the part of inspectors of taxes."

He hoped the Opposition would not support the "exaggerated and inaccurate comments bandied about in the Press recently."

Mr. Barnett said that most of the self-employed were hard working, decent people who would not want their image tarnished by the small number who were evading tax.

Since the Inland Revenue had adopted a new approach to the examination of accounts in January, 1977, he had received about 50 representations, mainly on behalf of individuals. He was satisfied with the Revenue's investigatory powers.

Mr. Blaker had claimed there was concern among the self-employed and their tax advisers at methods adopted in the new approach.

He complained about the "unreasonable prying nature" of some questions and the setting of a gross profit margin which could not be challenged.

Mr. Barnett said that most reports had been "grossly exaggerated." The number of investigations of all types since January, 1977, had been about 70,000 out of 1.8m self-employed people.

Mr. Ronald Atkins (Lab. Preston N) said that tax evasion was a major industry in this country. It was unfair to those who had neither perks nor the opportunities to avoid tax that this should continue.

COMMONS BROADCASTING

A smart ploy in Parliament may only baffle the listener

BY RUPERT CORNWELL

THE SPRING Parliamentary recess is almost with us, and with it a chance to take stock of the first two months of regular broadcasting from the House of Commons. The least that can be said is that so far it has hardly proved a success to be trumpeted from the Westminster rooftops.

Not everyone, admittedly, is as distressed as Mrs. Esther Samson, a Devon teacher, who wrote plaintively to the Guardian this month: "As a result of live broadcasts of Parliament, my class of ten-year-olds start baaing when I call 'Order, order.' Am I encouraging them to become MPs?"

But, in contrast to the enthusiasm aroused by the original sound broadcasting experiment three years ago, even progressive MPs are in many cases uneasy that radio transmissions, in their present format, may be doing more harm than good.

The heart of the problem is Prime Minister's question time, that twice-weekly 15-minute joust between Mr. Callaghan and Mrs. Thatcher et al. It is the highspot of the average Westminster week. The chamber is full, noisy and looking for excitement.

Not surprisingly, both the BBC and Independent Radio decided to send it out as a matter of routine.

The outcome, though, has not been too splendid. Prime Minister's questions with their strange ground rules, were a subject of controversy long before the first BBC cable ever appeared in the place. But live radio undoubtedly has made dissatisfaction greater, if only because the stakes are assumed to be higher.

It is not so much that questions have become longer. For succinctness has never been a virtue of MPs. But howling down, particularly of Mrs. Thatcher, by Labour MPs adept in the practice, has increased sharply, and with it the number of peace-keeping interventions by the Speaker. Invariably, too, Mr. Callaghan is now followed by a host of backbenchers raising points of order about some foul, real or imagined, that the referee missed.

To the listener, despite the valiant efforts of the commentator, it must be very baffling. Take for example Tuesday this week, and what might be called the "Tarporley question."

First on the Order Paper was Mr. Alistair Goodlad, Tory MP for Northwich, who inquired, in the time honoured fashion, if the Prime Minister would visit Tarporley. (In case you didn't know, it is a modest town about 10 miles east of Chester.) Mr. Callaghan, not unreasonably, said "No." Undeterred, Mr. Goodlad insisted that if he did, he would find the local populace scared stiff about events in Kolwezi and worried that the Defence Secretary was not up to his job.

Laughter

Mr. Callaghan refused to answer, on the ground that Shaba province had nothing to do with Cheshire, and then brought the house down by listing all the things he was going to say about Tarporley. It was a very smart ploy in Parliamentary terms. But what a Radio 4 listener made of it all, and the gales of laughter that ensued, goodness only knows.

Not surprisingly, a lot of MPs, who are already unhappy enough about the general reputation of Parliament, feel that this kind of exchange is the last thing needed to regain the respect of the public. It is said that Mr. Robert Mellish, the former Labour Chief Whip, has already put out informal feelers on whether Prime Minister's questions might be dropped as a live item.

A senior Cabinet Minister summed it up perfectly the other day, when asked if he had originally wanted to go the whole hog and let the TV cameras in as well. "I was," he replied. "But now . . .", and he let his voice trail away with every sign of bewilderment at whether such an appalling innovation could be contemplated.

Live broadcasting has upset many senior Tories as well. That just might have something to do with the fact that their leader has not been doing too well out of it lately. Mr. Callaghan has been in devastating form, rising with effortless and statesmanlike ease above the hurly-burly, while Mrs. Thatcher remains obstinately a rather nagging part of it, hot in pursuit of debating points.

Opinions, of course, could quickly change if the Conservatives win the next election and regain the question time driving seat.

Tuesday also handed out the lesson that even radio may be too inflexible a medium for the Commons when listeners were deprived of exchanges—following the continuing advertures of Jim and Maggie—which showed Parliament at its best.

The subject was the Government's legislative plans on industrial democracy, surely a topic worthy of national attention. And not only Mr. Callaghan's utterly assured grip of a complicated brief but also the standard of the questioning from MPs were highly impressive. The political under-currents to the Bullock debate were fascinatingly revealed, and it was 29 minutes (a record?) before the first party political cliche wearily plopped across the floor of the House.

Among MPs, two schools of thought are emerging both united, however, in the feeling that radio coverage, as it stands, gets the worst of every world. There are the Luddites, who hated the idea of broadcasting in the first place, and now more than ever want to go back to some 18th century paradise, when even the writing press was barred from Westminster.

The other camp argues that radio merely compounds the mystery of the Parliamentary process. Only television, for all the changes it would wreak in the habits of the place can both transmit and explain. If it is any consolation to them, the BBC itself is not much clearer about where it goes now.

The Corporation, in any case, will be reviewing the arrangements at the end of this session, not least because of the wavelength changes due in November. Its options boil down to two: either to reduce live coverage and rely on the edited extracts which have done so much to enliven Today in Parliament and Yesterday in Parliament, or put out more, and, by doing so, show just how unrepresentative are Prime Minister's questions of average Commons fare.

The distortion has been heightened by the delay in setting up broadcasting of Select Committees, which are much more likely to portray MPs as they would like to be seen—fearless scourages of the Executive, bent on restoring the ancient powers of Parliament.

Fearless

Perhaps the only memorable committee occasion yet transmitted was back in April, when Mr. Brian Sedgemore, the radical Left-winger, delivered a spectacular diatribe against political meddling by civil servants and manipulation of their Ministerial masters.

As for the public itself, it appears, after initial razamataz, to have been generally unmoved by the exercise. But who should have expected otherwise? Those who were always politically aware, will have listened. People with little involvement are not likely to have been won over.

The politicians, or at least some of them, may well be disappointed. But any realist would accept that the Commons today—apart from the special circumstances created by a minority Government—is as powerless as ever in its long history. Let Parliament reassert itself and the public will follow. In the meantime, the BBC and IRN might consider trying to get their microphones into the Cabinet room.

Stand-by force supported

By Ivor Owen

THE Prime Minister expressed support in principle in the Commons yesterday for British participation in a stand-by force able to intervene at short notice to protect the lives of African-based Europeans who are at risk because of armed conflict.

But, as on Tuesday, when questioned by Mrs. Margaret Thatcher, the Opposition leader, about events in Zaire, he stressed the need for collaborative action with other European countries and the importance of securing the agreement of the African country concerned for any intervention.

Mr. Callaghan told MPs: "We must be very careful about this because the African countries who are concerned are clearly very sensitive to these matters. It would have to be done in conjunction with them."

There was support from both sides of the House for Mr. John Davies, shadow Foreign Secretary, when he emphasised that it was not simply a problem of safeguarding the lives of Europeans.

The fact was, that the presence of Europeans throughout Africa was essential for the continued prosperity of the African continent, he said.

Mr. Frank Judd, Foreign Office Minister of State, agreed with Mr. Davies that Europeans had an essential role to play in securing economic and social progress in Africa. "We have got to look at ways in which this can be undertaken in safety and security," he said.

New procedure on corruption

MR. MERLYN REES, Home Secretary, last night announced a strengthened and formalised procedure for reporting to the police allegations of corruption in public life.

The new system, which implements suggestions made by the Royal Commission on Standards of Conduct in Public Life provide that anyone who wishes to make an allegation of corruption will be able to do so to a senior police officer nominated for every regional force.

LABOUR NEWS

TASS members will fight to keep separate identity

BY ALAN PIKE, LABOUR CORRESPONDENT

WHITE-COLLAR members of the engineering union yesterday declared a fight to preserve their separate identity, which may complicate efforts to bring about a merger wiht the Electrical and Plumbing Trades Union.

Delegates to the conference of TASS, the white-collar section of the Amalgamated Union of Engineering Workers, in Hastings, reaffirmed their belief in the need to merge the AUEW's four sections into a fully integrated union.

They gave a conditional approval for a ballot of members on detailed proposals for achieving this.

The AUEW's big engineering section has been unable to persuade its policy-making national committee to put the proposals out to ballot and may accomplish the merger instead through the 1964 Trade Unions Amalgamations Act.

But TASS is insisting that the amalgamation principles—which allow for the continued identity of the four sections—must be expressed in firm rules.

It is also demanding that the new union adopts an extra rule preventing any further use of the Amalgamation Act to change the constitution.

This arises from fears among the Left-wing TASS leadership that if merger talks now in progress between the engineering section and the EPTU are successful, radical structural changes might be agreed which would threaten the existence of the separate sections.

Mr. Ken Gill, TASS general secretary, told delegates that there had been "something of a horrid gasp" when he explained to members of the engineering section executive that he was demanding an entrenched rule preventing further constitutional changes except by the new union's own rules revision body.

It was "a fact that a major demand of the EPTU is that there must be no sections" as specified in the existing proposals.

Public statements by members of the engineering section executive demanding the abolition of staff differentials had made the guarantee necessary for the protection of the TASS membership, he said.

During his recent successful election campaign, Mr. Terry Duffy, who becomes president of the AUEW in October, argued for the need to end the distinction between manual and white-collar workers.

Mr. Gill said that the alternatives to continuing to fight for the existing amalgamation principles were for TASS either to get out or surrender its identity completely. He rejected both of these.

Committed

With the AUEW engineering section now firmly under Right-wing control, some of its leaders—particularly if the EPTU talks prove successful—would shed few tears if TASS left its ranks.

But Mr. Gill stressed forcefully yesterday that TASS remained committed to the ideal or one union for the engineering industry. Only a 90 per cent vote of the AUEW national conference could end the amalgamation, he added.

Lorry drivers plan meal-pay strikes

BY NICK GARNETT, LABOUR STAFF

SHOP STEWARDS representing lorry drivers in nearly 2,000 haulage companies in London and the South-East are planning a series of one-day strikes in a dispute over meal allowances. The dispute has prevented the settlement of a Phase Three pay deal.

The metropolitan area of the Road Haulage Association has been told by Transport and General Workers' Union stewards that the stoppages will begin on June 5 and continue on following Mondays.

They have not yet decided how the strikes will be mounted, but employers expect the stoppages to be aimed at a limited number of large companies.

The metropolitan area—which covers parts of Kent, Essex and Hertfordshire as well as London—is now thought to be the last of the association's regions still to settle under the present wage round.

The dispute is over a 25p daily meal allowance originally included in the association's pay offer for the area.

Postmen may seek shorter hours

By Philip Bassett, Labour Staff

POST OFFICE workers will seek a shorter working week if an offer is made for a reduction in hours to Post Office engineers. The engineers have been taking industrial action on their 35-hour week demand for more than six months.

Talks with the engineers will be held next week on an expected management offer which, if acceptable, would be sent to branches for consideration. The industrial action, which has been affecting 670 telephone exchanges, could be called off next month at the engineers' conference.

Mr. Tom Jackson, general secretary of the Union of Post Office Workers, said yesterday that if an offer for the reduction of the working week for Post Office engineers has been made, his union would seek "immediate and similar treatment."

Mr. Jackson told delegates at the union's annual conference in Blackpool that he was certain that the next 12 months would be the year of the shorter working week. Pressure from the combined strength of the union movement could be brought to bear on the Government and should be able to produce a shorter working week.

Union leaders will begin negotiations next week for a voluntary productivity deal for Post Office workers based on areas rather than regions, after the success of the miners' productivity scheme.

The conference was told that union negotiators would be starting a first round of talks with the Post Office next Thursday on a voluntary, local productivity scheme.

The conference also decided to investigate profit-sharing schemes for telephonists because of the disappointing benefits of their productivity agreement.

Print rebels warned

BY PAULINE CLARK, LABOUR STAFF

LONDON officials of the National Graphical Association were last night seeking assurances from rebel machine minders, who have disrupted production of the bserver and the Mirror Group's Reveille over the past few weeks, that they would resume normal working in accordance with union instructions.

The 21 unofficial strikers were warned that if they did not call off their action the union would take disciplinary measures. It is understood that they could be deprived of casual work in Fleet Street—the basis on which they work for the Observer and Reveille.

The Observer, which last week told union leaders it would shut if they could not guarantee uninterrupted production, said yesterday: "The NGA has promised to replace the strikers and we are waiting for this to take place."

Over the past four months Reveille has last almost 2m copies because of strike action. This week it lost its entire production and extra difficulties could arise in producing next holiday weekend's magazine if replacements are not found quickly.

Court breaks guideline

BY OUR BELFAST CORRESPONDENT

AN INDUSTRIAL court in Ulster has ordered Courtaulds to give 270 maintenance craftsmen a pay rise which exceeds the 10 per cent guideline.

The management of the Courtaulds plant at Carrickfergus in Co. Antrim has bitterly attacked the judgment and is considering an appeal.

The employees concerned returned to work after a five-week strike late last year and accepted a £6 a week "final offer" from the company. The court's decision means a £7 increase.

The craftsmen took their case to the industrial court under 1976 legislation which entitled them to seek parity with colleagues in similar plants.

The court ruled that rates of pay at Courtaulds were "less favourable than the general level of terms and conditions in the man-made fibres producing industry."

It said "accordingly, we award that as from February 15, 1978, the basic hourly rate for maintenance craftsmen and ancillary workers in the company's maintenance department shall be increased from £1.20 to £1.37½."

Offshore 'breakthrough'

THE National Union of Seamen and the transport workers' union were granted full recognition yesterday for 300 staff employed by Offshore Catering Services on seven sea installations.

A meeting of North Sea catering companies, due to take place in Aberdeen on June 6, could lead to union recognition and minimum wages and conditions throughout the offshore catering industry.

The agreement between the unions and the company, one of the main caterers in the North Sea, allows a month for negotiations to be concluded on wages and conditions.

A £4-a-day offshore allowance has been agreed by the company pending the outcome of negotiations which begin in Aberdeen on June 6 after a meeting of catering companies.

ASLEF claim will be put to tribunal

By Our Labour Staff

BRITISH RAIL and the three rail unions agreed yesterday to put a special productivity pay claim from ASLEF, the train drivers' union, to the Railway Staffs National Tribunal, the highest tier in the rail negotiating structure.

The ASLEF executive had earlier agreed to begin industrial action on July 20 if the tribunal did not hear the claim by July 19.

The British Railways Board said yesterday that it should be possible to arrange a tribunal hearing before the deadline.

A NEW THREAT TO THE HEALTH SERVICE

Unrest on the wards

BY PAULINE CLARK, LABOUR STAFF

REBEL nurses and other staff at Brookwood psychiatric hospital, Woking, Surrey, declared yesterday that their workers' council would continue to sit "in control" of administrative decisions affecting the hospital while an independent inquiry looked into their grievances.

In the meantime, it was disclosed that leaders of the Surrey Area Health Authority would seek the intervention of the Advisory, Conciliation and Arbitration Service in the dispute between staff and certain administrators whom the council has described as "autocratic."

The formation of the nurses' workers' council last week has made the Surrey authority the latest focal point in a series of hospital uprisings over issues other than pay—a new phase in the history of Britain's health service.

Earlier this year, the comparatively peaceful industrial relations of the service was disturbed by the dispute between porters and medical staff at Dulwich Hospital which centred on whether doctors and nurses had the authority to issue orders to ancillary workers.

In a different staff revolt, nurses at the Elizabeth Garrett Anderson hospital in London are fighting, with the help of unions, to save their hospital from closure.

A series of union-organised work-ins and sit-ins over planned cutbacks in the hospital service was a feature elsewhere in the London area health service last year.

In response to the growing unrest among hospital staff and nurses, unions are having a series of meetings with the British Medical Association and Department of Health officials to discuss improvements in the hospitals' dispute machinery.

Despite the friction that has emerged as they vie for recruits in the hospitals, the unions are united in identifying the causes of industrial relations problems.

The Brookwood hospital affair is symptomatic of most of them—and not least of the problems that have arisen from growing trade union organisation among nurses. With 90 per cent of the staff in the hospital now members of the Confederation of Health Service Employees nurses have become increasingly aware of conditions of work and the effectiveness of collective action.

Trade unionists do not believe that the vocation has gone out of nursing. At a time when wards are being closed because of public expenditure cuts and when the standards of service to patients are threatened, the vocational approach of nurses to their jobs is said to be as much behind industrial relations crises now hitting the health service as their concern about pay and their jobs.

Mr. Mike Somers, COHSE official in the Surrey area and an organiser of the Brookwood workers' council, points to staff concern about lack of consultation in the past between nurses and administrators on decisions such as ward closures.

The union, whose membership in hospitals is claimed to have grown from fewer than 40,000 to 130,000 in ten years, is convinced that trade unionism has led to nurses questioning orders in a way that was never done in the past.

Mr. Somers, who lectures to hospital administrators in his area is "appalled" at the ignorance of industrial relations he has found among the hierarchy. He blames the Brookwood dispute largely on the failure of the old-school administrators to respond to the growth of trade unionism at the grass roots.

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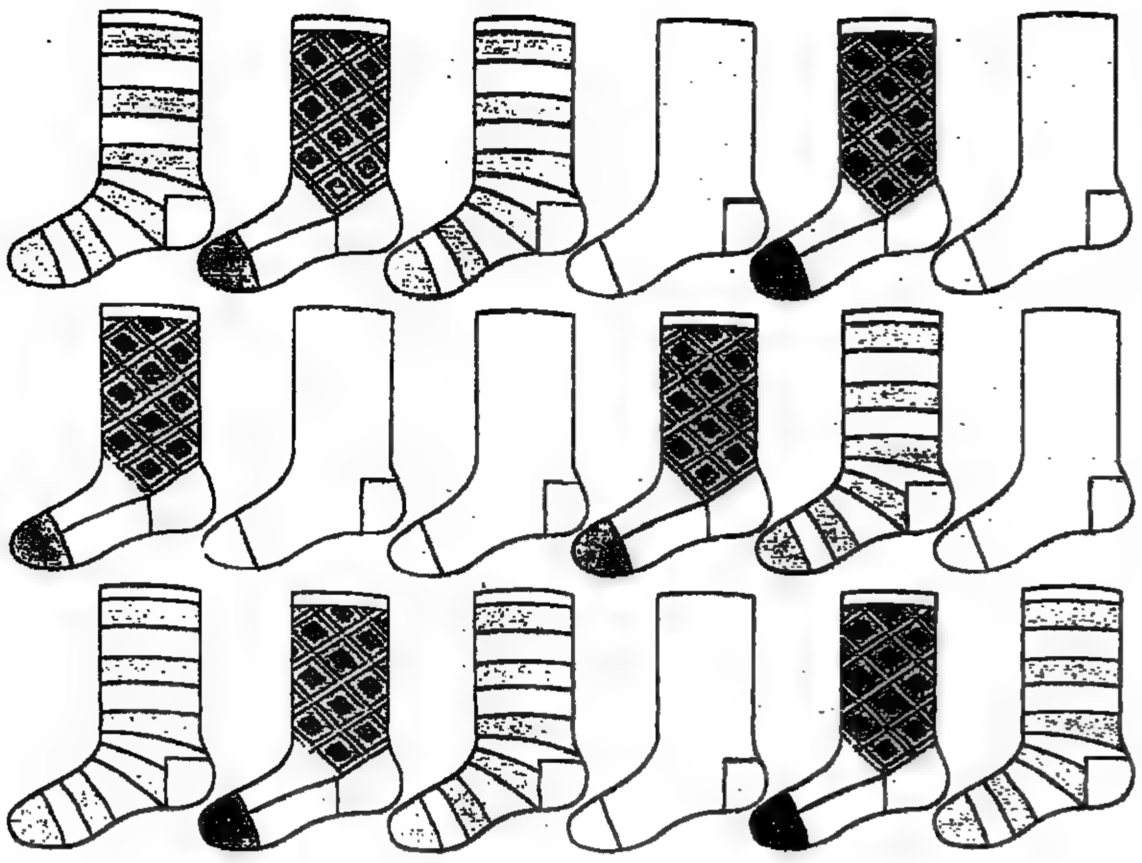
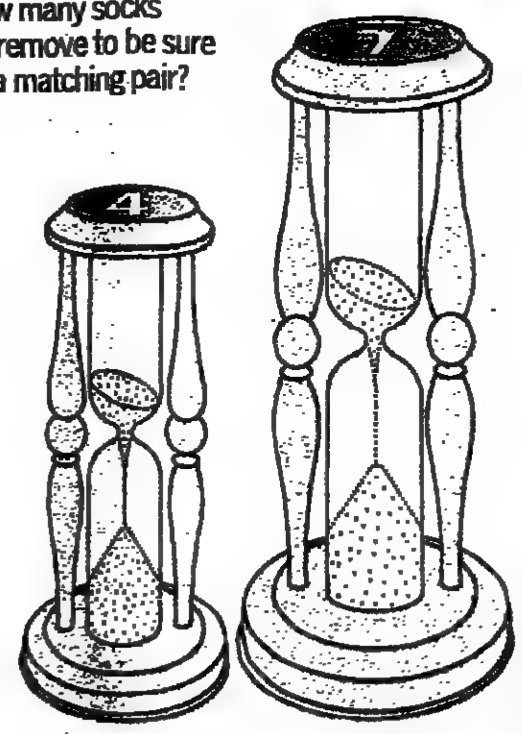


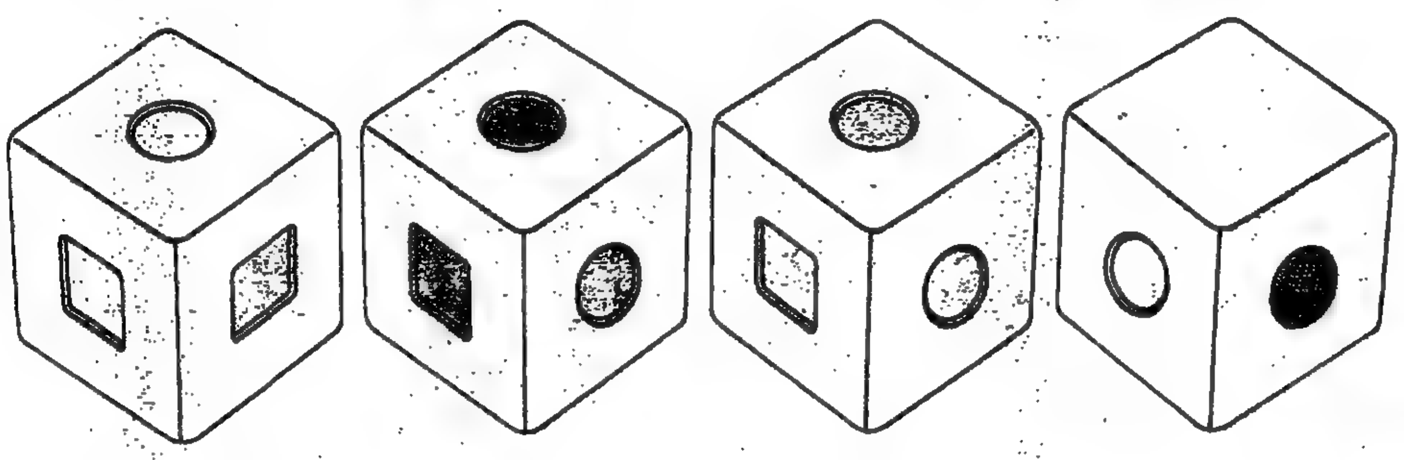
1. You have a box containing six checked socks, six striped socks, and six plain socks. How many socks must you remove to be sure of having a matching pair?



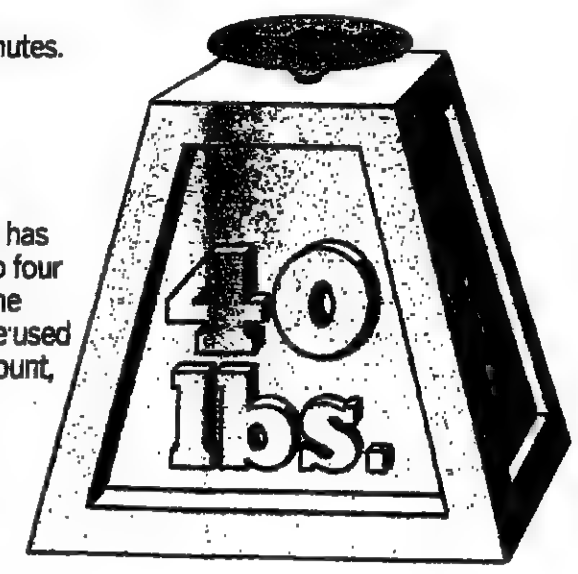
2. You have a four minute timer and a seven minute timer. Measure nine minutes.

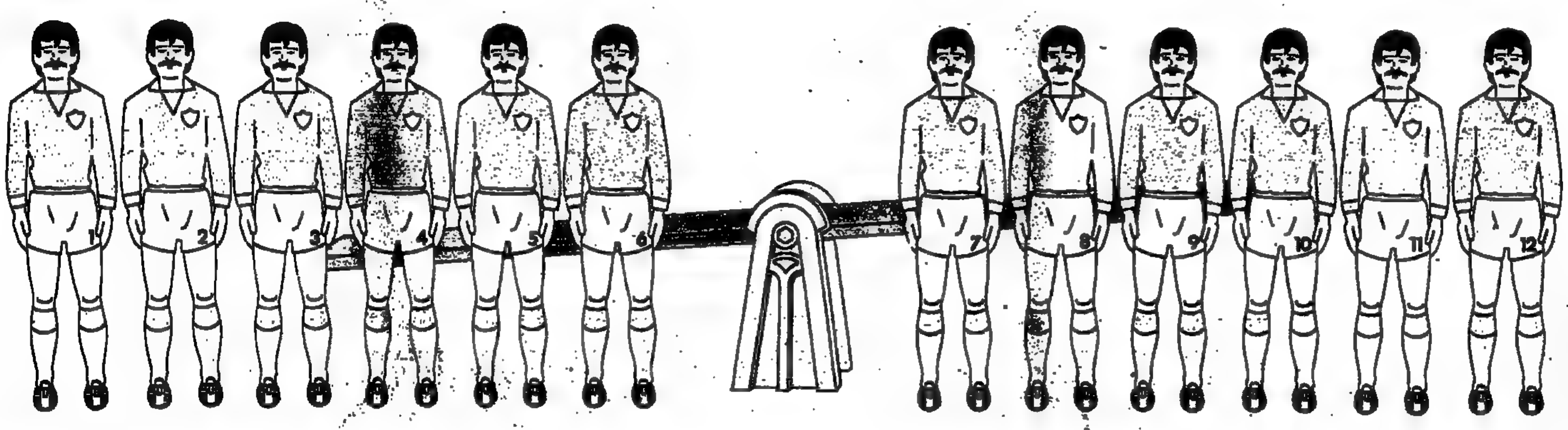
3. There are three jugs containing five, seven and nine pints of water respectively. How can you end up with six pints of water in the seven-pint jug?

4. What symbol should appear in the blank space on the cube in the fourth diagram?



5. A 40lb weight has been broken into four pieces. Luckily, the pieces can still be used to weigh any amount, in whole pounds, from 1lb to 40lb. How much do each of the pieces weigh?





6. There are twelve footballers. Eleven of them weigh the same; Peter is either lighter or heavier. You are equipped with a see-saw. With only three weighing operations, find out which footballer is Peter, and whether he is lighter or heavier.

"You have 4 hours to finish this advertisement." M. Collier Bradley.

M. Collier Bradley is chairman of Mensa and an administrator at the Inter-Action centre in London. The puzzles above have been designed by him to be not so much games, as a method of training the mind to think in a certain way.

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FINANCIAL TIMES REPORT

Friday May 26 1978

WOLVERHAMPTON

The decline in the manufacturing sector over the past 15 years has left Wolverhampton with serious unemployment. The city is very critical of the Government's regional policy which it feels hampers its efforts to attract new industry.

A city in decline

By Arthur Smith
Midlands Correspondent

WOLVERHAMPTON IS now struggling to come to terms with its changed circumstances: industrial jobs have dwindled over the past decade, people have been moving out of the borough at the rate of around 2,000 a year, and the town is showing all the signs of disadvantage suffered by the declining inner city areas. Threat of closure of British Steel Corporation's works at Bilston has put another 2,300 jobs directly at risk and raised the prospect of the unemployment rate moving into double figures.

But the impending crisis has left the phlegmatic Black Country people somewhat unmoved. They are conscious of what Wolverhampton has been and are anxious to assert what it can be. There is a reluctance to accept that a town which prospered and grew in the laissez faire spirit of the industrial revolution and could boast more than 150 trades can have fallen upon such difficulties.

With the modern Mander shopping centre and a retail complex able to attract people from a wide area, Wolverhampton has all the trappings of prosperity associated with the successful post-war Midlands motor industry. But the Borough Council, in evidence submitted recently to the House of Commons Expenditure Committee, argued that the decline of its manufacturing industry provided an example of a broader national problem.

Numbers employed in the manufacturing sector have declined at an accelerating rate over the past 15 years. Despite the growth of service sector employment, the number of men in work over the ten years to 1976 dropped by 15,700. Another statistic which clearly underlines the trend is the decline in industrial floorspace in Wolverhampton from just over 29m sq ft in 1968 to only 23.25m sq ft six years later.

The Council draws attention to the fact that Wolverhampton's industry tends to be concentrated in metal working, *mechanical engineering and* vehicles — all areas where Britain has fared badly and invested less than competitors.

Criticism

There is considerable criticism that the Government's regional policy, and particularly the application of Industrial Development Certificates, has starved the town of high technology growth industries.

The case advanced by Wolverhampton has been taken up by the top tier local authority, the West Midlands County Council, which has lobbied persistently over recent years for the region to be treated on a more equal basis with the assisted areas.

Of more immediate concern to Wolverhampton is the competition which it faces for jobs from the nearby new town of Telford and the neighbouring county of Stafford. Telford, established at the time the Birmingham conurbation was suffering from problems of acute labour shortages and overheating, was supposed to act as a safety valve. Now, the town, with the aid of heavy public investment in schools, housing and infrastructure, is able to offer modern factory facilities to tempt companies which might otherwise go to Wolverhampton.

As a reflection of the changed emphasis in Government policy away from the new towns towards the problems of the inner city areas, the target population for Telford has been reduced. There is also increasing recognition by Government departments of the need to deal with the problems of Wolverhampton and Telford on a joint basis rather than in isolation.

Certainly, Wolverhampton, with its problems of social deprivation and growing unemployment, has a claim for priority in attracting new jobs. The lack of building land within the borough boundaries could offer Telford a role in meeting the housing requirements of the local population.

However, the issues will never be as clear cut and simple as that and there will be a need to generate new jobs at both Telford and Wolverhampton in order to ensure a regional balance. One restraint which does tend to put Telford in direct conflict with Wolverhampton is the fact that the new town is required to recruit new industry in the main from the conurbation. The issue is scheduled to be raised at the next meeting of the West Midlands Economic Planning Council and it seems likely that Telford will be given the freedom to seek jobs on a much wider basis.

In the order of priority for the award of Industrial Development Certificates London and Birmingham, because of their inner city problems, have recently been ranked above the new towns. Wolverhampton has not been accorded such standing but would undoubtedly get sympathetic treatment in the case of any application for new factory development.

Scorn

Such arguments that Wolverhampton would not be discriminated against are treated with scorn by the local politicians who point out that if IDC controls will not be invoked then they should be scrapped altogether. The very existence of the control is seen as an inhibiting factor upon new industrial development.

The Borough Council made it clear to the House of Commons Expenditure Committee that the position of Wolverhampton deserved special recognition. "The incidence of social disadvantage, high levels of unemployment, a seemingly unending pattern of closures and rundowns, declining productive industrial floorspace, and a low ratio of vacancies to people seeking employment, all make selective action imperative."

The Council also warned: "The further decline advances, the more difficult the process of recovery." Wolverhampton has already been identified by the Government as one of the 15 towns to receive aid under the inner urban areas programme. But the Borough is pressing for the same financial incentives to be made available as are enjoyed by the assisted areas and the new towns.

Work is already well advanced in drawing up an inner area programme for which between £1m. and £1.25m. has been allocated for the financial year starting next April. Up to £1.75m. will be available the following year and up to £1.25m. in 1981.

"We hope to have a preliminary report ready by mid-June which will identify the problems and possible solutions," says Mr. Tim Cox, the assistant planning director. The report will provide an overall strategy pulling together the council's other spending programmes. The scale of investment under way can be appreciated when it is realised that the housebuilding and home improvement budget for the current year is £27m.

Mr. Cox insists that, in the face of setbacks caused by a whole series of redundancy announcements by local industry, the local authority has an important role to play in steadying investment confidence. "If people are going to invest in the town, they want to see things happening and we must remove the uncertainties." He cites the fixing of the line of the final link of the inner ring road as a decision which has lifted planning blight from an important area of the town.

The inner area programme, plus the Government decision to make 100 per cent. grants available for derelict land reclamation, would give a further boost to the town.

Mr. John Bird, leader of the Labour group on the Council which has held power for the past six years, is conscious that the next 12 months will be difficult—not least because of the potential difficulty of implementing party policy. The local elections this month produced a strange result with both Labour and Conservative equal with 29 seats and two Independent Ratepayers candidates holding the balance of power.

Thanks to the abstention of the two Ratepayers, Labour was able to cling to power by using the vote of the outgoing Labour mayor to take the mayoralty again. The somewhat bizarre situation gained further colour from the fact that one Labour councillor had to be transported by wheelchair from his hospital bed in order to vote.

Though Labour has taken all the chairmanships and will have a narrow overall majority on many committees, it will risk defeat every time in full council meetings. The Ratepayers have made it clear that they will not hesitate to use their veto as and when they consider it necessary.

One of the areas where the council is aware attention must be concentrated is upon promoting good race relations. The town is conscious that since Mr. Enoch Powell, who was then a local Member of Parliament, first aroused controversy over the race issue, public attention has tended to focus upon Wolverhampton. With the higher unemployment levels, particularly among coloured youths, tension has undoubtedly mounted, and incidents have already hit the national headlines this year.

The hope is that by taking a constructive approach to the fundamental problems of unemployment and social deprivation racial harmony can be maintained. Wolverhampton has alerted the Government that the real need is to create new jobs and promote investment in a town that has suffered disproportionately in recent years from the decline of its traditional industries.

Severe problems for industry

"WE HAVE been losing our major companies in large chunks," is the dramatic way that Mr. Kenneth Williams, the Wolverhampton Town Clerk describes the present unemployment problems. "We used to claim we had diversification across industry to cushion us against any downturn of the economy. This is no longer true."

And indeed the Borough Council can run off a list of 15 companies which have shutdown in recent years, with the loss of more than 7,000 jobs. Cutbacks in activity by another 10 companies account for nearly 5,000 jobs.

Guest Keen and Nettlefolds has featured in recent announcements, and the pattern of redundancies illustrates the problems facing the town's traditional engineering and metal bashing industries. GKN Sankey Plastics Division is expected to have completed closure of its Manor Works at Bilston with the loss of around 650 jobs, by late summer. The plant, manufacturing plastic components for the motor industry, had not been profitable for several years. Faced with a prolonged downturn in *demand, largely because of over*-dependence on the UK industry, the decision was taken to shut the plant.

At Darlaston, GKN Nuts and Bolts is shedding 70 toolroom workers following a reorganisation of the depressed fastener industry. Underlining the problem of weak demand, Garringtons, a foundry serving the tractor and commercial vehicles industry, has announced that one fifth of the 1,000-strong workforce must go.

One bright spot is the award to the GKN Sankey plant at Cable Street, Wolverhampton, of a Ministry of Defence con-

CONTINUED ON NEXT PAGE

The property market

WOLVERHAMPTON HAS enjoyed a fairly settled housing policy and this is due in no small part to political stability. It has avoided the tugs-of-war that have bedevilled some other local authorities. And while the Labour Party has been in the driving seat for most of the time, the Tories in the back seat have generally been strong enough numerically and vocally to keep the driver well on the road.

At the municipal elections earlier this month the Tories failed to repeat their success of 1967-71 by the narrowest of margins. Labour and Conservative finished with 29 seats each, with two Independent Ratepayers holding the balance.

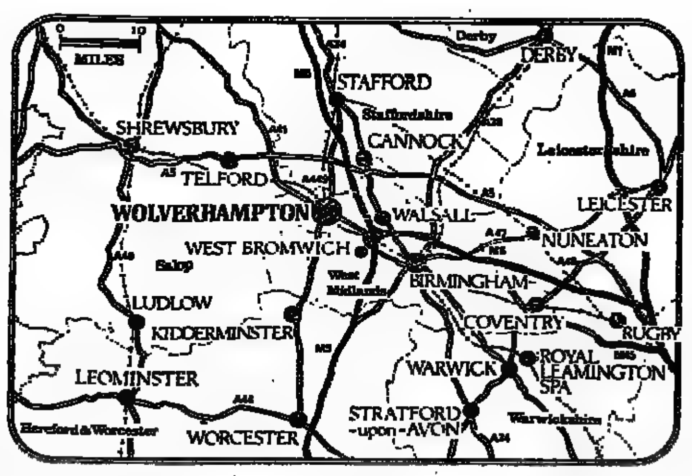
While the two Independent Ratepayers representatives have intimated that they will not hesitate to use their power of veto if they feel it necessary, their main objective will be to see where money can be saved. Some £27m has been allocated to Wolverhampton's housing budget for this year, and its policy is widely regarded as among the more progressive in the country, with 1,300 council houses under construction. Another £5.5m is to be spent on home improvements. While it is, of course, far too early to indicate how housing policies may be influenced by the election, it is possible that council houses may be sold. When the Tories held the reins in 1967-71 some 1,000 council houses were sold to sitting tenants: since then Labour has been buying them back as opportunity offered.

Certainly there seems to be big scope for the sale of council homes. There are 42,000 council houses in Wolverhampton, representing 45 per cent of the total housing stock, a higher proportion than is to be found in most towns and a reflection of a continuity of policies. At the same time the number of council houses will grow, though not by many more than 1,000, for building sites will soon be exhausted. This leaves the council with the possibility of acquiring houses as the main possibility of helping the 6,000 families on the Council's waiting list.

Demand

The amount of building land available, apart from some infilling, is down to a few hundred acres, and land for council house building is expected to run out in 1981-82. This throws into more than usual prominence the importance of overspill arrangements with neighbouring authorities, for projected demand up to the mid 1980's has been put at around 18,000 homes. There is land only for some 7,500, leaving more than 10,000 to be found from somewhere.

Overspill arrangements have been in operation with various authorities for 20 years, some of which, like those with Wednesfield, were transferred to the borough in the 1966 boundary changes, while those in Tettenhall and Seisdon have been taken over by the new South Staffordshire District Council. A number of other areas have been suggested for overspill like Cannock, but it is felt to be too far away for commuters to make it widely attractive. The last major area in which Wolverhampton has an interest is at the former Perton airfield within the South Staffordshire District Council. This is being jointly developed by private enterprise and the local authority.



Wolverhampton also has a well established policy of buying houses which the old or infirm vacate in favour of a council home, and is also acquiring properties on the periphery of action areas when circumstances permit.

That the housing authority is prepared to go to the extra inconvenience and cost often entailed in modernisation reflects a certain sensitivity and sophistication just as the two Independent Ratepayers on the council reflects the virility and activities of the ratepayers' associations, of which there are some 20 in the borough.

While the new shopping centre has given a new life and purpose to the city centre it still contains within the ring road a lot of worn out properties from many of which managements, staffs and labour forces have long since fled. Wolverhampton shares, with many other towns in the Midlands industrial conurbation, blighted central areas.

Wolverhampton has been designated a partnership area in an effort to revive its once flourishing manufactories and offices. But it is a cause for grievance that, unlike Birmingham, it has not been granted special privileges. In Birmingham the special areas come behind assisted areas in priorities but ahead of new towns. Wolverhampton has no greater pull than, for instance, Telford, though arguably more need if industry is to be attracted back.

Redundancies

Industrial Development Certificates are still needed for anything above 15,000 sq ft, and while they may not be withheld, they have still to be applied for. This is perhaps no great barrier to local concerns. But what is the position of a London firm wishing to set up elsewhere? Would he be "steered" to an assisted area or would he be allowed to come to Wolverhampton? Officials are in no doubt that it is going to be just as hard as ever to induce new blood into the central areas, and extremely difficult to maintain and protect jobs. In common with other metal manufacturing areas Wolverhampton has been shedding a substantial number of jobs that has pushed the unemployment figure beyond the average and looks like leading to even higher unemployment if all the indicated rationalisation and redundancies in the steel, motor and other industries occur.

On the surface it looks as though Wolverhampton is fairly rich in industrial and commercial land, but a closer inspection in relation to the demands, much of which is for small manufacturing, process engineering and warehousing facilities near the motorways, reveals that the shortage of suitable accommodation is almost as bad as in housing. Statistically there is 1.4m sq ft of industrial space available, but 840,000 sq ft is old, usually pre-war building of a type used by some discount stores, or suitable only for warehousing. Another 400,000 sq ft mostly modern, and mostly in private hands, is on offer in various quarters, and 160,000 sq ft is in course of construction.

One of the biggest developments outside the centre is at Strawberry Lane, Wednesfield, and is being undertaken by London Life. Some 200,000 square feet of offices have been let, and 300,000 square feet remain. This is considered reasonable progress in the three years or so since completion, especially in view of the uncertainties created by the continuing run down in employment at large scale employers like the Bilston steelworks. It is expected that 2,400 jobs will disappear over the next few years.

Property developers are trying to stimulate the market with package deals, of a type increasingly being offered by quantity surveyors, architects and agents, but less so by developers. A local example of this is by Bullock Developments, of Aldridge, just north of Birmingham, which over the past seven or eight years has become well known for its development of industrial estates in the West Midlands. The company's first package deal concerns a 30,000 square feet factory at Willenhall on a three-acre site. This will be finished in July, only some seven months from after the site was selected, and meets the requirements of companies wishing to expand quickly into purpose-built premises. The speed with which these kinds of offer are being taken up is in contrast to the way in which much older, though still serviceable property is standing empty.

Peter Cartwright

Industry

CONTINUED FROM PREVIOUS PAGE

tract for design of a new tracked military vehicle. The order has meant an immediate increase of nearly 50 jobs, but the employment benefits will be considerable if GKN wins a subsequent production contract.

Goodyear, one of Wolverhampton's biggest employers, with a workforce of 5,500, intends to shake out between 300 and 400 jobs. The company said the problem was caused not entirely by a lack of sales but by an acceleration of costs. Labour savings, necessary because of overmanning, are being achieved through voluntary redundancy and natural wastage, Goodyear maintained.

Lucas Aerospace Fordhouses plant, with 1,550 workers, has escaped the cuts proposed in other parts of the division. The volume of orders is said to be sound and prospects for the future good.

Rubery Owen, the motor components supplier, at Darlastan, has enjoyed a period of peaceful labour relations since the damaging strike at the end of 1976 which put at risk some 2,000 jobs. Motor industry orders remain depressed and Mr. John Owens, the managing director, points out that the West Midlands may have to learn to live with the present higher levels of unemployment.

An example of one small company which has shown growth during the difficulties of recent years is Rothley Brass, manufacturers of brassware. Since 1971 the company has moved twice to bigger premisees and the workforce has grown from only four to 60.

But the issue which dominates discussion about the prospects for Wolverhampton industry is the possible closure of British Steel Corporation's Bilston plant, a small integrated steelworks employing 2,340 workers. Shop stewards in the plant, led by Mr. Dennis Turner, chairman of the Joint Union Action Committee and a Wolverhampton Councillor, are mobilising widespread support within the union movement for their campaign to keep the works open. They point to a study of the Bilston works, undertaken jointly by the unions and senior management, which concluded that the plant could have a profitable future. The report recommended investment of just over £13m for the installation of modern steel-making equipment and additional rolling mill facilities. The stewards maintain that the £22.1m profits earned by Bilston over the past five years were sufficient to finance the modernisation. The joint study did recommend a phased reduction of the labour force to around 1,400, but the stewards insist that would be preferable to closure.

British Steel Corporation does not appear to question the findings of the working party report that Bilston could be retained as a profitable operation. The argument seems to be that Bilston cannot be examined in isolation: to concentrate steelmaking in the Sheffield area would ensure a higher volume of throughput and yield better financial returns.

The Corporation is likely to take the view that it has been charged by the Government with the responsibility of profit maximisation and that ministers must intervene directly and be accountable for the cost if wider social objectives are to be taken into consideration. Such an intervention seems unlikely as Mr. Eric Varley, the Industry Secretary, has made it clear that the unions and the Corporation must negotiate any run-down of steelmaking capacity.

The Borough Council is already making representations to Government about the alarming consequences for Bilston should the plant be allowed to close. In a special report on the issue, the Council maintains that Bilston "seems unlikely to attract the scale of investment necessary to lift the area out of its spiral of decline." The natural advantages of the area, with its traditional skills and links between dependent firms, were constantly being eroded.

A large proportion of any unemployment from the steelworks closure would be in those groups which already dominate the jobless figures. More than one third of the workforce are unskilled or semi-skilled: there are some 700 general labourers, a category where 2,000 workers are already registered as unemployed. Attention is drawn to the fact that nearly half the men at the plant are over 45, which would suggest severe difficulties for retraining and alternative employment.

The Council warns of a further likelihood of the younger, better qualified and skilled employees moving out of the area, a factor which would leave the age and social structure of Bilston increasingly unbalanced.

In response to the impending crisis, the Council is urging the Government to relax industrial development certificate controls and give special area status to Bilston and inner Wolverhampton. Ministerial support is also sought for the immediate identification of land on the 240-acre Bilston site that might be used for industrial purposes.

The Council is looking to the European Coal and Steel Community for grant aid in undertaking a feasibility study of the land with a view to development of a big new industrial estate. Wolverhampton realises that its problems are growing. The pressure is on to create the sort of environment that will not only encourage the growth of local industry but also attract new companies from outside.

Arthur Smith

The Property Market

BY JOHN BRENNAN

Rent race for St. Mary's Court

ST. MARY'S COURT, which, at 85,000 sq ft, was one of the largest remaining vacant office blocks in the City of London, has now been let to the Central Trustee Savings Bank.

The bank, which acts as the central bank for the Trustee Saving movement, is understood to have outbid another prospective tenant—the Property Services Agency—for the building. And the bank's successful tender for the space means that it will pay an annual rent of £1.22m., £14.35 a sq ft.

That is a full £220,000 a year more than the initial asking rent.

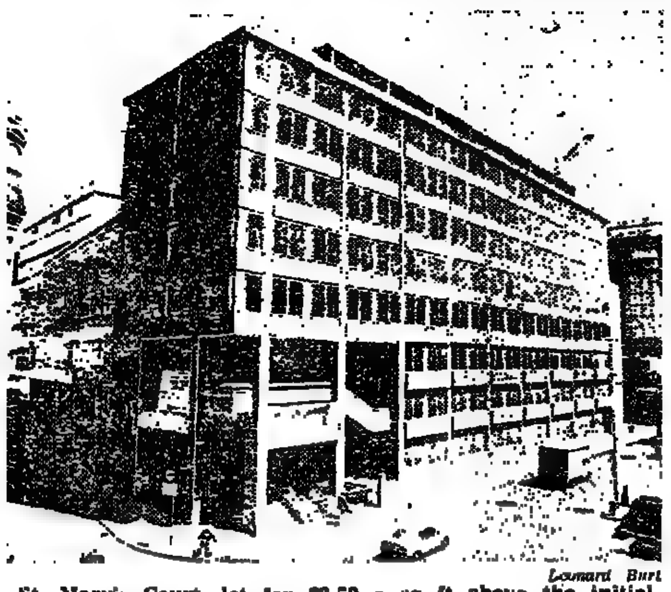
This letting by tender, which is becoming increasingly common in the City, reflects the acute shortage of sizeable modern office buildings on the market. Now that St. Mary's Court has been let there are only five office buildings in the whole of the Square Mile with 50,000 sq ft or more to let. And there is only the 110,000 sq ft former Sun Life Assurance headquarters building on Cheapside available in the over 100,000 sq ft class, unless the Church Commissioners can successfully alter planning restrictions on 66,000 sq ft of their 110,800 sq ft Condor House block by St. Paul's Cathedral.

The St. Mary's Court development, at St. Mary-at-Hill, EC3, was started in 1973 by Town and Commercial Properties on the site of the former Coal Exchange. When T and C collapsed its financing partner, Legal and General Assurance, took over the scheme and also took over the property group's freehold of one 36,000 sq ft section of the building.

The freehold of the rest of the development is held by the City Corporation. But the Post Office Staff Superannuation Fund holds a lease on that section of the site running until 2074. The PO agreed to the joint development of the land by T and C and, subsequently, by the insurance group.

The scheme was completed last year. And at the turn of the year letting agents Richard Ellis had the competing bids for the space from the savings bank and from the PSA acting on behalf of the PO Telecommunications division. As the PO's pension fund had an interest in the scheme the tenants competed in a closed tender for the space.

The bank, advised by Debenham Tewson and Chinnocks, has taken a 25-year lease on the offices with five yearly reviews. As it has to set-up a mass of computer equipment in the block it will be moving into the building in stages. It seems probable that in the scramble for the space the bank would have to do without the rent free fitting-out period commonly granted in lettings over the past four years.


Leonard Burt

St. Mary's Court, let for £2.59 a sq ft above the initial asking rent.

The £13m Neasden freight centre and superstore development has now been put on show to the public, and meetings have been arranged over the next few weeks between the developers, local tradesmen and residents. If no serious objections are raised the scheme should be considered by the London Borough of Brent's planning committee early in July. And a full council decision should be reached by the middle of that month.

The development—which is funded by Legal and General Assurance (Pensions Management) on British Rail's 49-acre site—seems likely to pass all the public and council tests. The scheme—designed by local developers Kyle Stewart under the development direction of English Property Corporation's Nick Irvine—fits exactly into the Greater London Council's strategic plans for an integrated road-rail transport system in the capital. And local residents should approve of the 1,000 new jobs the freight depot will provide, as well as a new North Circular link road which is designed to keep freight traffic from residential areas in Brent, and which would also have the effect of filtering Wembley Stadium traffic away from the town centre.

Brent Council is working through the Community Land Act procedures to acquire the site following the issue of an intention to acquire the land earlier this year. But the chairman of Brent's planning committee, Councillor James Hughes, explains that the committee sees this as a "backstop" just in case there are unforeseen problems on the development of the land, which was last used by British Rail in 1967.

The freight yard's buildings, which are expected to cost £10.5m, will cover 31 acres of the land and create 550,000 sq ft of industrial and warehouse space. The proposed 100,000 sq ft superstore is to be built by Tesco.

IN BRIEF

THE LONDON LIFE ASSOCIATION has now let another 100,000 sq ft of its Eurolink Industrial Estate at Sittingbourne, Kent for between £1.25 and £1.50 a sq ft. Everest Double Glazing has taken 45,000 sq ft of industrial space and 5,000 sq ft of offices, and the rest of the space has been taken by Eurocoils and Jarman Boat Construction through the estate's joint letting agents, Fuller Horsey Sons and Cassell, and McDaniel and Daw. London Life is funding partner on the 100 acre Blue Circle Group's site, five miles off the M2 between London and Dover, and the new lettings fill 200,000 of the 240,000 sq ft first phase of the development. The partners plan over 1m sq ft of industrial building when the whole scheme is completed, another 130,000 sq ft of which are already under construction.

●

NORWICH UNION Insurance Group is the latest fund to back a speculative office scheme at Milton Keynes. The insurer is to finance the Development Corporation's £6m, 156,700 square feet office project in the heart of the New Town. The development, in two office blocks, will stand next to the Corporation's Civic Centre—which is now under construction—and close to its 1m square feet covered shopping centre. Drivers Jonas, letting agents for the scheme have already signed up one of the clearing banks to take space for a branch office in a section of building which will be completed by the end of 1979.

●

ENGLISH PROPERTY Corporation has sold its Sheridan Shopping Centre at Stafford to the Royal London Mutual Insurance Society for £1.14m. EPC developed the 18 shop and supermarket scheme in 1974, and it subsequently increased its holding by buying out the freehold from Stafford Corporation. Royal London, advised here by Mayfair agents Clive Lewis and Partners, has bought to show an initial yield of just over 7 per cent.

●

GREAT PORTLAND ESTATES has sold the freehold of its 15,300 sq ft Petra House offices at 79 to 83 Colemore Row, Birmingham to the Provincial Building Society. The society already occupies two floors of the Victorian building and the Co-Operative Bank and Percy Lane group occupy the remaining space, which has been let at rents up to £2 a sq ft. Chesshire Gibson and Co. acted for the society, which paid over £300,000 for the block.

●

THERE are now between 1,200 and 1,400 consulting rooms in the Harley Street and Wimpole Street area. And as the National Health Service turns its back on private medical facilities, demand for rooms in this traditional centre for private medicine is forcing rents to new heights. Elliott Son and Boyton, who have specialised in consulting room lettings for more than a century, report that a single consulting room with a secretary's office can now cost up to £3,000 a year, more than twice the market rent of 1973-74. Service charges tend to account for a sizeable slice of the accommodation costs on leases normally drawn on a three-year term with an element of automatic rental increase—usually 10 per cent—each year.

●

ONE of the least attractive infill buildings on the Howard de Walden Estate, 10 Queen Ann Street, W1, has been sold by The Association of Education Committees to the British Diabetic Association for just over £500,000. The BDA, advised by Strutt and Parker, gets a 999 year lease on the 6,100 square feet of offices plus two vacant self contained flats and four tenanted flats. Healey and Baker acted for the Educators.

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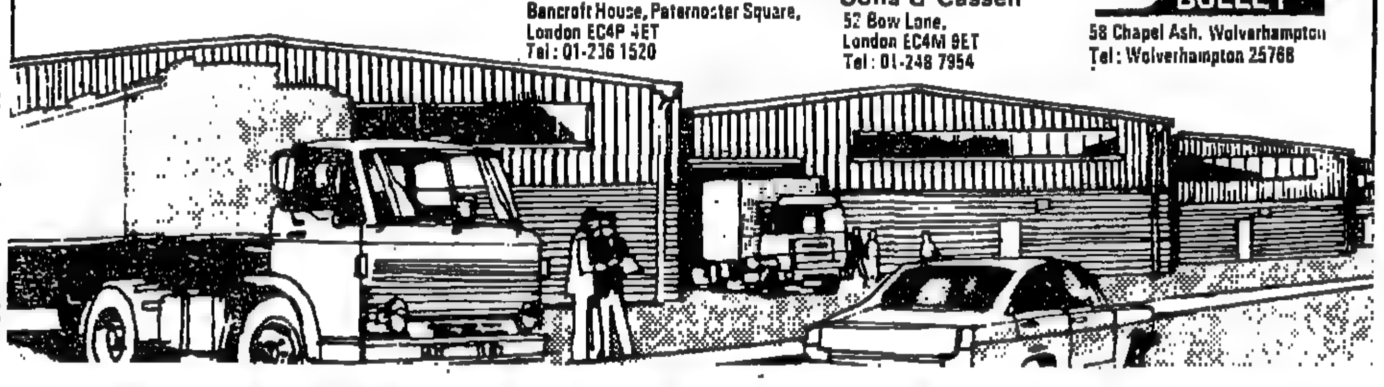
Property Deals appear on Page 15

INDUSTRIAL AND BUSINESS PROPERTY



هكذا من الأصل

PROPERTY DEALS

Golfing in Spain

GOLFING FANATICS with several millions to spare, or more probably corporate leisure centre fanciers, have a unique opportunity to acquire one of Spain's largest and most lavishly equipped golf courses this week. Debenham Tewson and Chinnocks, acting for Spain's equivalent of the official receiver, are marketing the 1,100-acre La Manga Compo de Golf on the Costa Blanca.

La Manga, home of the Spanish Open Golf Championship for five years, has two 18-hole courses, a 100,000-square-foot air-conditioned club house, 30 acres of sports facilities and 500 acres of land zoned for 3,700 residential units.

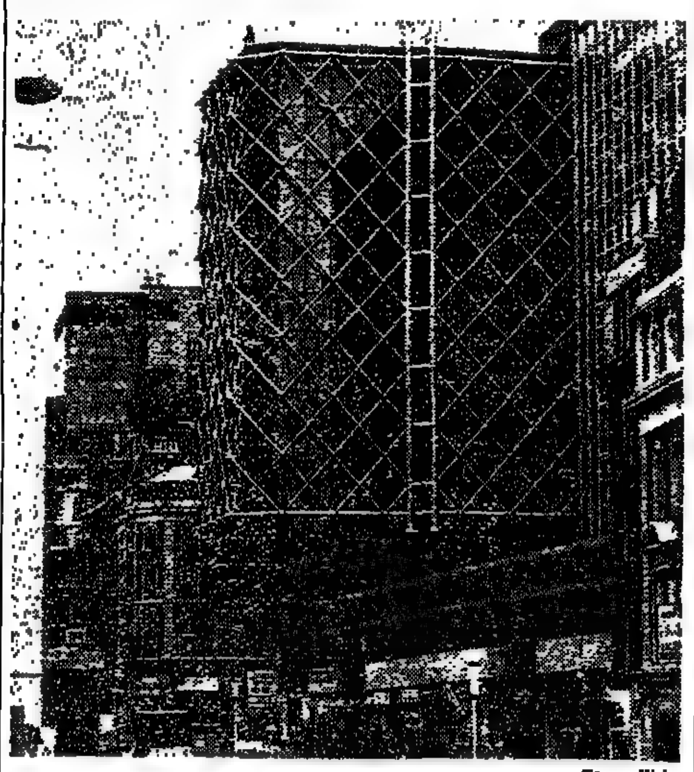
More than US$20m (£11.1m) has been poured into the scheme to date. But only 150 of the bungalows and apartments have been completed, and there is still scope within the development scheme for a yacht club and marina on the coast near Cabo de Palos.

If Spain doesn't appeal, the agents have two golf courses nearer home, the 154-acre Edenbridge course in Kent and the 130-acre Frinton Golf Course near Bristol. The Bristol land, which is being sold jointly with J. P. Sturge and Sons, is to be sold subject to a £750-a-year tenancy held by the local golf club. But potential development land on the fringes of the course could draw in speculative buyers. The Edenbridge course is freehold, and the agents expect offers around £140,000.

For just under the price of that course the Scottish Homes division of Bovis is offering "Embassy Suites" in a £7m. extension to British Transport's Gleneagles Hotel by the Queen's Golf Course in Perthshire. The first of the new buildings will be opened early in June, and Bovis is looking for Government, company, or simply rich private buyers for five-bedroom suites costing around £130,000 and smaller units under the £100,000 mark.

●

M. D. W. PROPERTIES, part of the Melville, Dundas and Whitsun group, has been actively feeding the institutional market with Scottish developments in recent weeks. After its £350,000 sale of renovated Coates Crescent offices in Edinburgh to Abbey Life, M. D. W. has now sold its 35,000-square-foot A1 Trading Estate at Edinburgh to The Local Authority Mutual Investment Trust for around £530,000. Conrad Ritblat advised the fund, which has bought on an initial yield of just under 9 per cent. Mercer MacIntyre and Partners acted for MDW.



Terry Kirk

The first tenants for Trafalgar House's architectural showpiece, 80, Cannon Street, EC4, turn out to be money brokers Astley and Pearce, who, as reported here in February, have taken three of the block's 4,689 sq ft floors at rather less than the £14.50 asking rent. The brokers, advised by St. Quintin Son and Stanley, are to be joined soon by an overseas bank, which has signed up with joint letting agents, Hampton and Sons, and Debenham, Tewson and Chinnocks, for another floor in the 41,000 sq ft block.

JB

A FINANCIAL TIMES SURVEY

PROPERTY

JULY 3, 1978

The Financial Times is planning to publish a Survey on Property. The main headings of the provisional editorial synopsis are set out below:

INTRODUCTION The property market entered 1978 on the crest of rising property values and a rise in property share prices. Early enthusiasm has ebbed as doubts about the long-term strength of the country's economic recovery and the effects of higher interest rates are absorbed. But the industry's recovery from the 1973-74 crash is now too well founded to be upset by a temporary loss of nerve.

DIARY OF A HECTIC YEAR
INVESTMENT
GOVERNMENT POLICY
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SHOPS AND OFFICES

OFFICE PARTITIONING AND CEILINGS

FACTORIES AND WAREHOUSES

FOR INVESTMENT

INTERNATIONAL PROPERTY

INTERNATIONAL PROPERTY

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Cookers stay free from burnt-on fat

PATENTS are pending in several industrialised countries on a coating for ovens which has built-in self-cleaning properties and on a method of applying such enamels to aluminised steel surfaces.

The catalyst which breaks down oils and fats and the glassy material making up the enamel are fired on to the base metal at temperatures between 500 and 600 degrees C against around 800 degrees compared with conventional catalytic surfaces.

One result is that the new self-cleaning surface can be applied to relatively thin sheet without problems so that it is suitable for incorporation into electrically heated appliances rather than being limited to the thicker metal used in gas cookers.

Main ingredients of the catalyst, the maker says, are manganese oxide and an alumino silicate, while the binding material is a glass made up from the oxides of silicon, boron and lithium.

Of the process to coat aluminised steel sheet, the company says it is a world first. It means that plate only 0.4mm thick can be used as the inner box of a cooking appliance, the aluminising giving the plate superior thermal performance compared with plain sheet steel.

Further details from National Panasonic (UK), 107 Whitby Road, Slough, Berks SL1 3DR. Slough 34522.

Fibre board withstands heat

FLAME-PROOFED fibre board, claimed to resist fire better than any comparable product now on world markets, and moreover, not giving off poisonous fumes when subjected to heat, has been developed by the Kelet plant of Kibbutz Afrikim, Israel.

Patents have been taken out in the U.S. and in Europe for the process, which was developed over a period of five years. The impregnation adds about 20 per cent. to the cost of the fibre board.

Kelet-Afikim has a turnover of $15m of which $2.5m are exports. However, fibre board hitherto accounted for only a small fraction of its exports, and it is hoped that the product will open up new markets.

Versatile coatings

FROM SPRAYTEX (Industrial Surface Protection) of Brixham, Devon, come two surface material treatments, called SEP and SMP.

The first product, a one-coat solventless epoxy coating is said to be chemically resistant and can be applied to floors or vertical surfaces without fear of shrinkage.

A special purpose two-coat metal protection coating describes the product SMP, which contains no solvent. It is said to combat rust, corrosion, acid and chemical attack, decay by smoke, dust, dirt and moisture yet still display a smooth and decorative surface.

This two-coat material can be applied without prior shot blasting and can be used for protection and maintenance of all ferrous metal surfaces

More on 08045 4097.

Treating a roof

SAID TO BE a complete departure from the usually expensive aluminium treatments of the past, in that a whole job can be done with one, simple application, is a roof treatment method from Keros Manufacturing, 10, Dalestorth Road, Sutton-in-Ashfield, Notts. (Mansfield 53143).

Called the Nucote One-Coat Solar Reflecting Aluminium Roof Treatment, it is suggested as ideal for use in hot-climate countries and the company has already received a substantial export order for delivery to Bahrain.

The material is described as a high quality heavy loaded rubberised bitumen containing mineral fibres, mica and top quality interleaving aluminium flakes to provide high tensile strength, an attractive finish, and 80 to 90 per cent reflectivity to light and heat, thus allowing better control of room temperatures.

The one-coat aluminium roofing treatment should protect from heat, ultraviolet light, moisture and atmosphere pollution and, applied to any type of roof surface—concrete, asphalt, asbestos, corrugated iron, zinc, felt, slates or tiles—promises to prolong the life of any roofing structure.

● RESEARCH

Handling a flood of data

TWO NEW disc-based laboratory automation systems, which can interface with up to 45 analytical instruments allows for as many as 30 of these interfaces to be analogue-to-digital converters. Concurrently, the systems can collect and evaluate real-time data from gas and liquid chromographs and control HP liquid samplers.

Having identical hardware, the systems differ only in that one, the HP 3354B, is housed in a standard 56-inch high equipment rack, while the other, the HP 3354C, is offered in a desk-style console.

No special knowledge of computers or programming is required of laboratory personnel to operate the systems since users are prompted automatically in terms familiar to the chromatographer.

With the turnkey chromatography software provided, users can determine data-reduction parameters, report formats and sample-handling tasks. As defined by the user, the systems' software can control HP automatic liquid samplers, store raw and processed data and perform simulated distillation calculations. Other features include the ability to integrate stored analyses with new parameters and plotting of analyses on HP's graphics terminal.

Concurrent with data acquisition from analytical instruments, the new systems enable as many as 15 users to develop and edit data reduction methods or as many as 10 users may develop special lab basic programs.

Hewlett-Packard, King Street Lane, Winnersh, Wokingham, Berks., RS11 5AR. Wokingham 784774.

● COMPUTING

Merchant banking network

LAZARD Brothers is to instal four Burroughs B80 minicomputers and over 30 visual display units connected in a distributed processing network to their B3700 main machine. This network will replace the merchant bank's Burroughs visible record accounting systems and equipment.

The new units will be installed and the system implemented over the next two years and will provide Lazards with on-line banking management information and inquiry facilities. It will integrate with Lazard's on-line investment securities management system which was developed by the bank and has been working successfully for over two years. This system, considered to be the most advanced of its type in the City of London, is currently being marketed under the name of "Secure" by CMG (City of London) for use on its bureau computers.

Secure may be purchased to run as an "in-house" system by Burroughs' customers on their own medium machines. It could be converted to run on other machines. More on 01-588 2721.

Processing units made to order

NEWLY FORMED Systems Production will specialise in building mini and micro computer-based products. The company is associated with Systems Designers, the shares of both companies being wholly owned by the holding organisation, Systems Designers International.

Systems Production has a new purpose-built 7,000 sq ft factory in Farnborough, Hampshire. It will sell micro-based products and will also build systems to customer requirements, mainly in difficult application areas or for hostile environments.

Drawing on group resources where necessary, the company also undertakes consultancy and advises on all aspects of implementing systems based on small computers. Most of the work is digital but analogue solutions are also recommended where these have advantages.

Facilities include a factory area laid out for batch production and able to produce up to 50 Eurocards or their equivalent each week, assembly and inspection areas and a thermal cycling test facility. A laboratory is provided with test equipment, ROM programmers and Intel, Texas and Motorola microcomputers.

Systems Production, 30, Invincible Road, Farnborough, Hants. 0252 514941.

DEC to use distributors

TAKING WHAT it describes as a "major step" in its marketing policy, Digital Equipment Corporation has decided to use distributors as an additional marketing outlet for its LSI 11 microcomputers.

The policy is world-wide; the first distributor is being appointed in the UK and is Rapid Recall, a subsidiary of Walmore Electronics. DEC is also looking for similar outlets in the U.S. and elsewhere in Europe.

The choice of Rapid Recall is to some extent due to the fact that Walmore has had an Intel franchise since 1970, shortly after the micro company was started in the U.S.

Rapid Recall sees its microprocessor business now falling into two main camps: the DEC product will meet demand at the higher performance end of the market while the Intel devices will primarily satisfy the "low" end, the company continuing to be seen essentially as a semiconductor manufacturer.

For its part, DEC believes that its traditional OEM outlets will not be greatly affected by the new policy and may even benefit from the resulting competitive effect. In due course the company believes that some of them might undertake a true distributive role and they might then be taken on as such by DEC.

Clearly, however, the main reason for the DEC move is the need to get its LSI product to a proliferating number of small users—well over half of its sales are between ten and 20 items and the company admits that it is not geared to this kind of selling.

For Rapid Recall the move can only enhance its already considerable success: from a £¾m. turnover in its inaugural year (1975), sales in 1978 are expected to be four times this at £3m.

Packages launch in Holland

COMPEDA, the British company that specialises in the world-wide marketing of high technology software for engineering and computer aided design applications is to establish a Dutch company to market its products—including the interactive Pipework Design Management System (PDMS) which is in advance of anything currently available anywhere in the world, its developers assert.

Holland is a major centre for petro-chemical plant design which is becoming more complex. There is a major increase in the workload of the design office at a time when skilled designers are in short supply. PDMS is able to handle the administrative and draughting requirements and Compeda can provide training, implementation, on-going support, maintenance and development.

Compeda on 0438 56123.

● COMPONENTS

For smooth control

OFFERED by HB Switchgear (Contactors) of Cardiff is the HB/Sigma traction controller which can be fitted to any electric vehicle equipped with a series-wound DC motor, including fork lift trucks, mining locomotives and other electric vehicles.

A single logic printed card is used for all battery voltages between 24 and 80 covered by the range, simplifying the spares problem.

This card controls the whole unit by varying both pulse width and frequency of the current fed to the motor. The thyristors are fired and quenched in such a way as to ensure that the motor always gives the desired power and speed.

Acceleration is claimed to be extremely smooth, and there is virtually no heat loss in comparison with resistive controllers.

Four models are available with size ranging from 210 x 170 x 130 mm to 490 x 198 x 145 mm.

More from HB on 0222 494367, or the London area supplier, Noble Fork Truck Services on 0256 22190.

● TELEVISION

More scope for colour

WIDER use of colour television in medicine, advertising and industry is opened up with each new introduction of equipment aimed at these applications rather than broadcast work, and the latest to be offered in the UK is the FAC71 made by Grundig and supplied by J. O. Grant and Taylor of Potters Bar.

Delivering a high quality PAL encoded composite video signal to CCIR 625 line standards, the 5 kg camera is about shoe-box size and can be used either on a tripod or with a shoulder harness for mobile operation. Provision is also made for adaptation to video-microscopy, used with endoscopes and similar scientific requirements.

Operation of the camera is made easier by two colour balance controls which obviate the need for the cameraman to look at a colour monitor. One is a switch that accounts for colour temperature (daylight or tungsten) and the other a control that is adjusted in conjunction with a variable white line seen in the camera's monochrome viewfinder—the line is "tuned" to minimum width for optimum balance.

A choice from two Schneider motorised f1.8 zoom lenses is provided, and by a combination of automatic iris control and the target voltage on the ¾ inch vidicons, light control over a 6000:1 range is automatic, making the unit easy to use under changing light conditions.

● HANDLING

Containers filled faster

THE MAIN feature of an automatic machine introduced by Neumo, Quarry Road, Newhaven, Eeast Sussex, is speedier filling of various sized containers. For use with foaming and non-foaming chemicals, pharmaceutical and food fluid products, the machine is the latest in a modular design range developed by the company after studying its customer needs.

The machine is said to be a compact, single-track continuous running unit, capable of accepting at any time up to four filling heads each fed by a 5-litre capacity quick-strip positive displacement pump actuated by a reciprocating air motor.

More on 079 12 4301.

● ELECTRONICS

Charge kept off chips

INTRODUCED into the UK by Molnar Machinery is a grounded, ionising work station for electronic assembly work made by Static Inc in the U.S.

The equipment gets over the inconvenience generally created by grounded stations—conductive aprons, seat covers, floor mats and wrist straps—by making use of an air ionisation system.

The 17½ by 23½ inch work surface is copper clad, nickel plated laminate (as in printed circuit boards) which is surrounded on three sides by a chain of ionisers also printed on to the board.

These consist of connected, printed conductive circles which are grounded. At the centre of each circle and insulated from it is a sharp-pointed electrode recessed below the surface and carrying a capacitively coupled potential of about 2000 volts.

As components are brought on to the work surface, over the ionising "fence," any static charge on them is neutralised and any charge build-up during assembly work is prevented. More on 04862 64646.

● IN THE OFFICE

Desk-top machine

SAID TO be an ideal machine for executive offices, departmental use, or for the smaller user, is a low priced compact plain paper copier called the BD-601 from Toshiba, available from International Officer Copiers.

Copying size is from A5 to B4 (148 x 210 to 257 x 364 mm) with automatic paper feed from cassettes. The company says there is an exceptionally low requirement for maintenance, the machine being designed to produce 10,000 copies between scheduled checks.

Further on 01-637 7481.

● COMMUNICATIONS

Exchange has many lines

ONE-FIFTH the size of a conventional exchange with equal capacity, a 100-line intercom exchange by Contacta offers paging, secretarial and call transfer, priority, automatic recall and "camp-on" busy, plus direct speech—all controlled by a microprocessor programmable memory.

The control unit is constantly scanning the intercom network for data as well as coupling calls, providing reproduction and positive voice switching associated with the Contact 2000 system.

The new Midex is compatible with the range of Contact 2000 direct speech master stations and existing systems may be upgraded by the introduction of the Midex.

Contacta Communication Systems, 32 Pope Road, Bromley, Kent. 01-464 7214.

The Management Page

EDITED BY CHRISTOPHER LORENZ

The man in charge of BSC's 'social conscience'

Jason Crisp reports on the chief executive of a BSC subsidiary, whose task is to attract new Companies to Britain's depressed steel towns.

PADDY NAYLOR has the unusual task of persuading companies to set up where his own employers have just shut down. He is chief executive of BSC (Industry), a small offshoot of the steel giant, and he has to try to heal some of the gaping wounds left by the plant run-downs and closures.

He has an extraordinary degree of flexibility in just how he attracts industry into these areas of high unemployment. Providing he stays within a prescribed—but secret—"budget per job" created, there is little he cannot do to seduce and assist companies to come to the steel towns.

BSC (Industry) was set up to introduce new jobs in the areas around the plants temporarily reprieved by the government-inspired Lord Beswick inquiry, which reported in early 1976. Naylor calls it BSC's "social conscience." He adds that it started with a pretty impossible brief as it lacked any "real strength."

Beefed-up

In the autumn last year, with the corporation amassing horrendous losses, agreement was reached on speeding up the closures which had been postponed by the Beswick intervention.

Inevitably, the task of creating new jobs was being rapidly overtaken by events, as works closed or were being wound down. So in December Naylor was recruited to head a beefed-up BSC (Industry) which was given a budget to provide its own financial incentives to companies considering setting up in the area of a steel closure.

For those who believe that there are far too many forms of aid and assistance already and that BSC—of all things—should not have been encouraged to join the many institutions anxious to press taxpayers' money into other people's hands, Naylor has an answer.

If BSC had been able to attract other industries to steel towns in the past, the present de-manning problems would never have grown to their current magnitude, he explains.

According to its last annual report, BSC spent £65m. on keeping the Beswick plants open, preserving jobs. In national terms, the latest efforts of BSC (Industry) could be seen more as shutting the door long after the horse disappeared into the sunset.

One of Naylor's major problems is in finding companies who are genuinely seeking to expand or start new projects rather than, as he likes to describe them: "The punters who are on heat." To try and combat this, the company launched an extensive advertising campaign to attract potential "punters" last month.

However, a company which is considering relocating or expanding will find that Naylor is not only very helpful but extremely flexible as well. He aims to put together a package which is tailor-made to suit the company.

First he will hold a company's hand and guide it through the welter of benefits, investment grants, EEC aid and tax allowances for which it may be eligible and all but the largest will fail to fully understand. And as his organisation has regular dealings with these it may well be able to oil the wheels for a company applying or negotiating aid or a loan.

The second form of assistance is the financial aid provided by BSC (Industry) itself, and which is in addition to any other aid provided by the regional authorities.

"We're happy to provide assistance as long as it pays off in terms of jobs created," says Naylor. But he will not reveal very much about his limits. "We have our financial criteria which I am not going to tell you; it would destroy our negotiating position," he says with a smile.

"The BSC (Industry) budget is quite substantial" says Naylor, "but I am accountable on each project, and I have to demonstrate that my financial commitment is against a firm job commitment."

There is no set form of financial assistance. It could well be help with buildings or land of which BSC has plenty. A company might buy land from the corporation at a reduced rate and Naylor would make up the difference between that and the commercial rate out of his budget, by paying the corporation. Alternatively the company might be able to make use of some existing BSC buildings which needed adapting; there BSC (Industry) might assist with the conversion work.

He also points out that, of course, there is a strong pool of labour and he will assist financially in any retraining needed. And if a company wishing to set up in one of his areas already trades with BSC—either as a buyer or a supplier—then BSC (Industry) can provide a further incentive for the company to move.

As Naylor explains, "if you set up a plant in one of the classified areas using BSC products, then the corporation will give you their keenest price . . . But, BSC (Industry) using its own resources, can provide linked incentives as long as it pays off in terms of jobs created."

Alternatively BSC (Industry) might help by insuring a company leasing expensive equipment—it wouldn't guarantee—or it might purchase research and development effort from the Corporation on the company's behalf, or possibly assist with management consultancy fees.

There are certain broad criteria with which a company must comply in order to get assistance from BSC (Industry). Naylor says that he is looking for companies which would tend to employ male labour: ideally employing "butch steel types," or at least half men and half women.

The sort of companies which would benefit from assistance are most likely to be in the engineering field, for the simple reason that they would probably take up the highest proportion of the displaced labour. As Naylor puts it: "If somebody wants to set up to make marshmallows there is not a lot we can do to help." And he adds reassuringly that he is not interested in lame ducks or inventors either. "We're not here to take high risks. It would be an absolute disaster to have a unit fail. . . ."

BSC (Industry) also considers joint-venture projects. One example in Ebbw Vale is Grundy Auto Products, which was set up about two years ago to make stainless steel silencers, using BSC products, in which it has a 49 per cent. stake. It has created 68 jobs and is growing, says Naylor.

And earlier this year a new factory was set up in Irving New Town in Scotland by REM Metals to make golf clubs, employing about 20 people.

Although a number of parts of the country where BSC (Industry) operates can provide workers with a wide range of skill as well as brawn, there is still a major chicken-and-egg problem when it comes to training workers. What might tip the balance for a company intending to set up in the area could easily be the availability of specialist skills. A company might need skilled lathe operators; but it is almost impossible to persuade people to train for new skills in advance of the jobs being created, explains Naylor. Yet the lack of available skills could deter a company.

Not only does Naylor offer an advisory and financial package, he is also quick to point out that he can offer locations in Wales, Scotland, and the North of England. Perhaps more important though, is that he can promise union co-operation for anyone setting up in one of his areas. As he likes to point out, "everybody" is in favour of the scheme succeeding.

Another step which BSC (Industry) is considering is the provision of small flexible factory units in existing buildings where people can set up in business on their own—possibly ex-steel workers using their redundancy money. Naylor is also considering providing some secretarial or central managerial help to these small units. The advantage of this sort of loose commitment, as he points out, is that if one of these units fails, its losses will be minimised, as it will not have made any commitment to a long lease.

Paddy Naylor—he aims to provide a tailor-made package

Claiming scalps

It is not easy to measure the success of BSC (Industry) to date and Naylor says that it would be invidious to go around claiming scalps for jobs created. He prefers to say it is part of a team which is helping with the creation of jobs but he does admit: "In relation to the problem we now face, our record to date would not suggest that we can make a major impact."

But Naylor, is one of those enviably optimistic people. He continuously describes his job as one of "self-destruct." and is talking about a time-span of around three years. If he can create even half as many jobs as the BSC sloughs off in that period, he will deserve a lot more than a medal.

Welcome new look at design policy

ADVOCATES of better design in British industry take heart! Not only is the Design Council launching several new initiatives, but the Government also appears to be building up for a burst of encouraging activity.

The latest evidence that something is brewing in Whitehall emerged late last week. Within hours of revealing that it was conducting an internal review of its policy on design, "to see whether we are doing enough," the Department of Industry issued a statement from its Secretary of State, Mr. Eric Varley, that "Britain's design expertise must be co-ordinated with the industrial strategy if we are to improve the country's industrial competitiveness."

Up-market

More resources must be put into knowledge-intensive industries which manufacture products of higher added value, Mr. Varley said. "We must move up-market and provide high quality goods of superior design and specification."

Mr. Varley, who also addressed the Design Council's annual dinner last week, is understood to be showing particular personal enthusiasm for the design cause. So the news of his Department's internal policy review should not be written off as just another series of Whitehall committee meetings, especially as it flanks the Corfield Comittee's work for the National Economic Development Council, which is expected to report in the next few months.

The director of the Design Council, Mr. Keith Grant, who is on the Corfield Committee and who has close contact with the Department, is in no doubt that "the institutional arrangements for design in this country need strengthening."

When a company applies for public funds at present all sorts of yardsticks are applied, including its financial track record, he says. But "not enough attention is paid to the design of the product." He wants the Design Council to be more involved in this process; not, he claims, as an extra bureaucratic impediment, but on an advisory basis to both Government and the companies concerned.

One of his suggestions is for companies receiving Government support for product development to be given membership of the Council's design advisory service.

Expansion of this service, which helps companies with design problems, is one of the council's current priorities. Over 200 companies are now subscription members of the service, and the Council has just recruited several more officers for it, bringing the number to 20. Mr. Grant says staff levels for the service will continue gradually to increase.

The service is directed particularly at improving the quality of engineering and product design. Though the Council has officially encompassed engineering design since 1972, it is only relatively recently that it has begun to lose its reputation in industry for being pre-occupied with craft-based consumer products.

More immediately dramatic than this gradual expansion are plans for the formation, possibly "on a club basis," of a group of consumer goods companies with "above average" design policies. The intention would be to give companies more help than at present with their promotion of products, especially at trade fairs. The long standing Design Index system concentrates on individual products, whereas many trade buyers are more interested in a company's range of products.

Impact

The criteria for a company's inclusion in this select band—of probably less than 100 firms—might be that half its output should be of design index standard, Mr. Grant suggests.

Critics may argue that these various moves by the Council will not make enough impact on the increasingly urgent problem of promoting better design in British industry. They should remember that the Council's resources are still severely limited. In 1977-78 it received a £1.98m grant from the DoI, with this year's set at £2.25m; self-generated revenue was £1.79m last year and is expected to be £1.95m in 1978-79.

Christopher Lorenz

German company sets up UK training course operation

TRAINING MANAGERS around Britain's companies are soon to be told of the benefits of German instruction. For a subsidiary of the music company Polygram—itself jointly owned by Philips and Siemens—has set up an operation in the UK which hopes to capture a share of that ever-growing industry, management education.

Based in Germany and already well established in Europe, Polymedia has produced its first course for the English-speaking market. It is what they like to call a "multi-media" training course, which means it uses audio-video cassettes, overhead projection transparencies and even the written word.

The first course available in this country is to train the trainers. Called "The keys to communication in training," the cost to license it is £3,750 for use in the UK and Ireland only; if a company wants to use it round the world the licence cost is £6,250.

For that Polymedia offers "extensive participant work-books," detailed trainers manual, ninety minutes of video-tape and overhead projector transparencies.

Once a company has a licence it can buy as many cassettes or books as it wants, at material cost. This means that such a training course would only begin to look economic to a sizeable company training a number of people in different locations.

The courses produced by Polymedia are "subscribed" to by a number of companies, usually in one field like banking or insurance. The basic content is developed by the training experts from the subscribing companies, which get the licence to the finished product at a substantial discount to those which have not participated.

Surprisingly, the audio-visual content is a very small part of the course, occupying only three to five minutes in a lecture lasting about an hour. Polymedia's managing director Nils Jorgenson says that this is as long as you can watch and remain aware of what you are looking at. "After five minutes you have trouble in remembering the first sequence." And participation is a key part of the course: Jorgenson says that participants must be doing something for 75 per cent of the time.

There is a rich irony though, in the brochure Polymedia handed out at its launch party. This brochure, it should be remembered, was introducing a course on communication in training.

The first paragraph runs as follows: "Polymedia training programmes are developed by combining the theoretical and practical knowledge and experience of different disciplines or subjects together with the actual experience gained from continually measuring the results of the programmes against the objectives that were set." Make of that what you will.

Jason Crisp

LOMBARD

The year of the taxes

BY JUREK MARTIN

TWO YEARS ago, Jimmy Carter, in search of a presidency, tramped round the country proclaiming, *inter alia*, that the American tax system was "a disgrace to the human race." this was, with embellishments, pretty standard rhetoric in an election year: in any country it is generally politic to promise voters to lower taxes and/or make them fairer rather than increase them, and Mr. Carter's Republican opposition was dutifully peddling a similar theme.

But neither candidate Carter nor President Ford could possibly have predicted the veritable orgy of tax cutting and reform proposals now being paraded in front of the public at federal, state and local levels in the current mid-term election year. It is all very odd since it appears to run contrary to the new gospel according to the White House and the federal reserve which preaches a moderate dose of austerity and budget tightening so as to cure the ravages of inflation.

Perspective

In order to get the current frenzy into perspective, it is worth recalling what happened on the tax front in the first year of the Carter presidency. It is true that the tax bite on individuals rose, partially because of inflation and partially because of the increase in social security levies—though the full impact of the Act of Congress passed last year will not be felt until next January. One hoped-for bonus, the \$50bn tax rebate, went out of the window last spring when it was determined economic circumstances did not justify such a stimulus. But Mr. Carter is a man who values his campaign commitment.

He was obliged last year to conclude that the sort of fully fledged tax reform he wanted was not politically feasible. Nevertheless his January package contained both cuts and a few cosmetic and controversial reforms designed to make it unattractive for businessmen to drink so much at lunchtime, fly first-class to foreign climes and lavishly entertain clients at football games. But the size of the actual reductions, even the administration agreed, only just about offset the higher tax take brought on by inflation and larger social security taxes. Subsequently, for economic reasons, Mr. Carter accepted a smaller tax cut: he also saw Congress carving his reform proposals into little pieces.

Against this background of a lot of talk but much less action, what has been described as the tax revolt of the middle classes flourished. Funny things happened in Oregon and Ohio, where school systems were closed down because the local electorate refused to sanction bond issues. And, inevitably, out in California, the most provocative challenge was framed and presented.

On June 6, the state's voters will consider proposition thirteen. This says, quite simply, that the state may not levy a property tax of more than one per cent of the 1975-76 appraised market value: it would have the effect of cutting the state's tax revenues, it is said, by \$7bn a year. Although some local politicians, sensing a profitable bandwagon, are supporting the measure, others, including Governor Brown, are not.

At a federal level, there is the so-called Steiger-Hansen Bill. This, like proposition thirteen, appears the essence of simplicity: it would eliminate all increases in capital gains taxes enacted in the last nine years: it would place a ceiling of 25 per cent on the capital gains tax rate (in practical terms half that at present). The Administration is up in arms about it on the grounds that it will cost well over \$2bn a year in revenues and would benefit only the rich. But Senator Hansen has lined up 60 sponsors for his motion in the Senate and it has emerged at the very least as a major stumbling block to congressional passage of the President's pared down tax package.

Compensated

It is, not surprisingly, a Republican measure: so is another one, known as Kemp-Roth, which would cut income taxes for individuals by about one third from present levels over the next three years. In March, Congressman Kemp, a former professional football player, only narrowly lost when his plan was put forward as an amendment to the Humphrey-Hawkins Bill, with over 50 Democrats supporting his cause.

Proponents of both measures argue that whatever the Treasury loses in revenues — and Mr. Kemp calculates this would be \$36bn net by 1980 — would be more than compensated for by increased economic output.

It is impossible to say what, in the end, the year of the taxes will produce. But it is a safe bet that if the state of California approves proposition thirteen in two weeks' time then the taxpayers revolt will be deemed to have arrived with a vengeance and if so, Congress could well display inordinate fiscal generosity as it grubs for backing in the ballot boxes.

Hopes riding on a steel tandem

BY ROBIN REEVES

CLWYD AROUND BRITAIN

PUBLIC ATTENTION in Wales has been focused in the past few weeks on the severe unemployment problems arising from the closure of the British Steel Corporation's East Moors, Cardiff, works and the end of steelmaking at Ebbw Vale. These shutdowns are adding around 5,000 men directly to the numbers of unemployed in South Wales and will significantly increase the unemployment rate in Wales which at present is around 7.1 per cent. But as it happens unemployment is at its highest in the Principality not in South Wales but in the far north, in the county of Clwyd. With an unemployment rate of nearly 10.5 per cent, Clwyd shares the unenviable record with neighbouring Merseyside of the highest county unemployment level in the UK excepting only the Western Isles, Cornwall and Northern Ireland.

Clwyd is an amalgamation of the old counties of Flintshire and Denbighshire with a boundary which takes in industrial Deeside, Wrexham, and an arc of rural North Wales round to the coast at Colwyn Bay. Unlike some parts of Wales, it is not an area where unemployment or depopulation have been serious for decades. The running down of the North Wales coalfield in the 1960s and the post-war decline of the agricultural labour force created difficulties. But in the early 1970s the region seemed to be moving slowly but steadily towards a more balanced economy.

The Wrexham area, thanks to its relative proximity to the English motorway network, was proving notably successful in attracting new investment by some of the better known names in British industry to compensate for the run-down of the North Wales coalfield.

A sharp deterioration began quite suddenly with the onset of the present recession in 1974. From a rate of 4.8 per cent, significantly below the Welsh average, unemployment increased rapidly to today's high level.

Clwyd attributes the dramatic rise to an expanding labour force, since between 1961 and 1971 the population of the county, mainly as a result of inward migration, grew by 12.1 per cent, and to its dependence on two basic industries, textiles and steel. The county is also fortunate that its stake in the aircraft industry continues to prosper. British Aerospace's Broughton plant remains fully occupied on the HS125 and wings for the European Airbus.

The effects of the recession on the textile industry have been particularly hard felt in the local economy. Between 1972 and 1976 the county's textile industry shed over 2,000 jobs. Since then a further 1,500 jobs have been lost as a result of the closure of Courtaulds Castle Works at Flint.

Mercifully, the story in steel is a little different—so far at least. Clwyd's chief involvement with steel is at British Steel's Shotton works. Guest, Keen and Nettlefolds' plant at Brymbo also falls within the county, but it is the sprawling BSC plant in the Dee estuary, providing nearly 11,000 jobs, which dominates a large part of the Clwyd economy. Had Shotton not been spared British Steel's recent cost-cutting axe, the impact would clearly have been disastrous. County officials calculate that nearly 8,000 jobs overall would have disappeared. Unemployment in Deeside would be soaring to 22 per cent, in Wrexham to 16 per cent, and the ripples would be spreading throughout the rest of the county and into already troubled Merseyside and Cheshire.

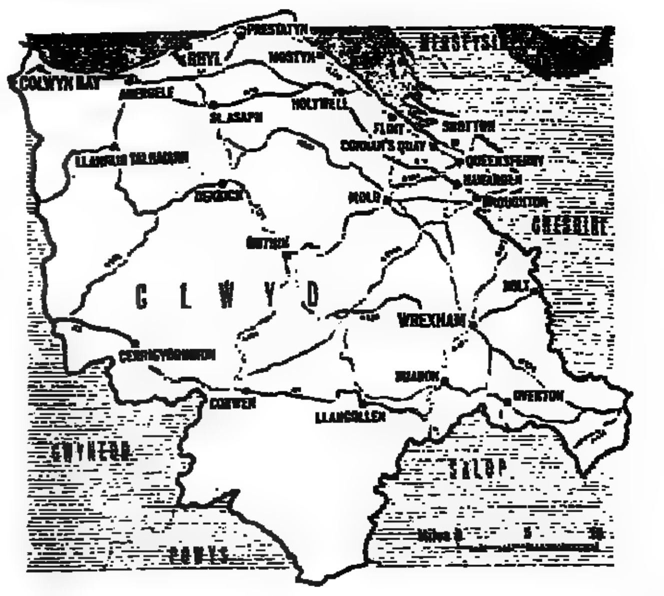
It was only thanks to a sustained local campaign, that Shotton steel production facilities have not suffered the same fate as East Moors and Ebbw Vale. The eventual result of the campaign was a pledge by Sir Charles Villiers, the chairman of British Steel, just over a year ago, that the plant's steel making facilities of far over 1m tonnes a year were being taken off Lord Beswick's "eventual closure" list, at least until the next review "sometime after 1982."

Even so, there is a feeling that while Shotton may have won an important battle, it has yet to win the war. There still is a feeling of insecurity because the plant makes steel in ageing open hearth furnaces rather than the basic oxygen and electric arc furnaces being brought in elsewhere. Clwyd's answer has been to launch a campaign for an up-to-date type of open hearth technology known as *tandem furnaces*. Staff from the works have toured the world to look at this modernised form of open hearth furnace which works very successfully elsewhere, and concluded that for a modest investment of £25m in three 180-tonne tandem furnaces Shotton could make steel efficiently. They say this compares very favourably with the cost of keeping the present open hearth furnaces in prime condition.

This is not merely an idea among the work force. The whole weight of Clwyd Council has been thrown behind the effort to secure the tandem investment. The hope is that when British Steel recovers its balance it will see the wisdom of ensuring that Shotton continues as a successful medium-size integrated works. Jobs will still disappear as a result of reduced manning levels. Some 2,000 have gone already and a new £46m steel coatings complex due to come into operation this summer will employ a fraction of the previous labour force. But a continuation of steel-making at Shotton will still make a vital contribution towards underpinning the economy of Clwyd.

Assuming Shotton gets its tandem furnaces—and it is obviously a big assumption—Clwyd's problems will be by no means solved. There will still be a need for considerable improvement in road communications (though this is promised), for more industry to soak up unemployment in the Wrexham area, and for a strengthening of the economic base of the coastal towns. At present, parts of coastal Clwyd only enjoy intermediate area status, because the Government argues that high seasonal unemployment is to be expected in holiday resorts. But even at the height of the summer tourist season, unemployment in Rhyl *has not been falling below 12* per cent and last winter it rose to 15 per cent. In Colwyn Bay, it has remained at 9 per cent throughout the past year.

Following local representations, the Government is considering extending the availability of "Section Four" tourism financial aid to the area. But perhaps more promising is the news that Hotpoint, the domestic appliance manufacturer, already long established at Llandudno junction down the coast, is exploring the possibility of building a major new plant near Rhyl which will create around 600 new jobs. After the economic buffeting of the past four years, this is the kind of break which Clwyd feels it deserves.



Try My Best is confirmed as non-runner for Derby

RACING

BY DOMINIC WIGAN

AS EXPECTED by leading bookmakers and many ante-post backers who had their fingers burned in the 2,000 Guineas Try My Best has been officially confirmed a non-runner for the Derby in 10 days.

Trainer, Vincent O'Brien confirmed the news from Cashel yesterday, announcing that the Northern Dancer bay had not yet recovered from a blood infection, thought to have accounted for his showing at Newmarket where he trailed in 18th of 19 behind Roland Gardens.

My hunch is that we could see Piggott, an eight times Derby victor, partnering Hawaiian Sound on June 7.

Trainer Barry Hills maintains that this Hawaii colt compares favourably with Sexton Blake at home.

Turning to to-day's racing, Paul Kelleway, whose small Newmarket string has been doing well with those god fillies Swiss Maid, Green Girl and Touch of Spring, could continue his run at Kempton this evening.

Here, Captain Ryan Price's former National Hunt stable jockey saddles Touch of Spring in the Ambition Stakes, in which she carries only 7 st 7 lb.

Touch of Spring sprang a surprise when accounting for some useful fillies including Noyota at Warwick last time out and this evening's task appears to be no more testing.

Lester Piggott travels to aydock this afternoon where he has several promising-looking mounts, including Singador, the likely winner of the Newton Stakes and Prince Titian, a recent Carlisle winner who goes for the Willows tSakes.

The best bet from this pair is probably Singador who won with more in hand than the margin might have suggested when outpacing Joleg at Chester last time out.

HAYDOCK
2.15—Argentina Bound***
3.15—Joleg**
3.45—Sunlight Wonder
4.15—Prince Titian

KEMPTON
5.50—Stephano
6.20—Popular Girl*
6.45—Relevance
7.10—Morning Grey
7.40—Touch of Spring
8.10—Nous
8.40—Delphorrie

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40 am Open University. 10.45 You and Me. 11.05 For Schools, Colleges. 11.55 Golf and Cricket: The Colgate PGA Championship and the Prudential Trophy: England v. Pakistan. 12.45 pm News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.05 For Schools, Colleges. 3.00 Golf and Cricket. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 Scooby Doo. 4.40 Playhouse. 5.05 Horses Galore. 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide in Europe.
6.55 The Tom and Jerry Show.
7.10 The Wonderful World of Disney.
8.00 It's a Knockout.
9.00 News.
9.25 Petrocelli.
10.15 Tonight (London and South East only).
10.45 Regional News.
10.46 World Professional Modern Dancing Championship.
†11.25 The Late Film: "Lady Godiva Rides Again," starring Dennis Price and Diana Dors.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 pm Bys a Bawd. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.20 Cadwaladr (cartoon). 7.25-8.00 Glas Y Dorlan. 10.15 Kane on Friday. 10.45-10.46 News for Wales.

Scotland—5.55 pm Reporting Scotland. 6.10-6.20 Conference 78. 10.15 The Beechgrove Garden. 10.45-10.46 News for Scotland.

Northern Ireland—10.23-10.42 am For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Alam Kuh. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Newscue Special; Midlands (Birmingham) In The Pink; North (Leeds) Lifelines; North East (Newcastle) HMS Newcastle; North West (Manchester) Sense of Place; South (Southampton) Cusden on *Location; South West (Plymouth)* Peninsula; West (Bristol) Ascension.

BBC 2

6.40 am Open University.
11.00 Play School.
11.25 Cricket: The Prudential Trophy: England v Pakistan.
1.20 pm Golf and Cricket: Colgate PGA Championship and England v Pakistan.
7.00 News on 2 Headlines.
7.05 That's The Way The Money Goes.
7.30 Newsday.
8.15 The Money Programme: Are Diamonds Forever?
9.00 Ripping Yarns.
9.30 Inside Story.
10.20 The Devil's Crown.
11.15 Late News on 2.
11.25 Cricket: Prudential Trophy (highlights).
12.05 am Closedown: Mervyn Levy talks about "Les Demoiselles d'Avignon," by Pablo Picasso.

LONDON

9.30 am Schools Programmes. 12.00 A Handful of Songs. 12.10 pm Rainbow. 12.30 Andy's Party. 1.00 News plus FT index. 1.20 Help! 1.30 Beryl's Lot. 2.00 Money-Go-Round. 2.25 Friday Matinee: "Miss Sadie Thompson." 4.15 Four Idle Hands. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Winner Takes All.
7.35 "The Incredible Hulk."
9.00 People Like Us.
10.00 News.
10.30 Police 5.
10.40 Russell Harty.
11.40 How to Stay Alive.
12.10 am George Hamilton IV.
12.40 Close—A poem by Elizabeth Jennings, read by Joan Scott.

All IBA regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.25 Friday Film Matinee: "Summer Madness." 5.15 Chatterbox. 6.00 About Anglia. 10.30 Probe. 11.00 Mystery Movie: Columbo. 12.45 am Your Music at Night.

ATV

1.20 pm ATV Newsdesk. 1.30 Today's People. 2.25 Movie Matinee: "Class of '63." 3.00 The Sullivans. 5.15 Breakaway. 6.00 ATV Today. 10.30 The Oliver Reed Star Movie: "The Lady in the Car with Glasses and a Gun."

BORDER

†1.20 pm Border News. 2.25 Matinee: "Crooks and Coronets." 5.15 The Partridge Family. 6.00 Lookaround Friday. 10.30 Spring Sport. 11.00 Late Film: "The Long Ride Home" †12.40 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 The Friday Matinee: McMillan and Wife. 6.00 Report at Six. 10.28 Channel Late News. 10.35 Quincy. 11.35 George Hamilton IV. 12.05 am News and Weather in French.

GRAMPIAN

9.23 am First Thing. 1.20 pm Grampian News Headlines. †2.25 Friday Matinee: "Lydia." 6.00 Grampian Today. 7.00 The Entertainers: Alan Price. 7.30 Cartoon Time. 10.30 Reflections, followed by road report. 10.35 Points North. 11.35 Flights of Fancy. 12.15 am Grampian Late Night Headlines.

GRANADA

1.20 pm This is your right. 1.30 The amazing world of Kreskin. †2.25 Friday Matinee: "Seven Thunders." 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 The Rolf Harris Show. 10.30 Reports Extra. †11.00 Great Films of the Century: Al Jolson in "Wonder-Bar."

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 A Reason for Living. 2.00 Women Only. 2.25 "Queen of the Stardust Ballroom." 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 David Niven's World. 11.05 The Late Film: "Bus Stop."

HTV CYMRU WALES — As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd. 10.35-11.05 Outlook.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†1.25 pm News and Road Report. 1.30 Out of Town. 2.25 Friday Film Matinee: "The Thief Who Came to Dinner." 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Emmerdale Farm. 10.30 Ways and Means. 11.15 It's Friday and I'm Steve Jones. 12.15 a.m. Late Call. 12.20 Love American Style.

SOUTHERN

1.20 pm Southern News. 1.30 The Electric Theatre Show. 2.00 Women Only. †2.25 Friday Matinee: "Private's Progress." 5.10 Weekend. 5.20 Crossroads. 6.00 Day by Day (Channels 6, 11, 27, 42, 59 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66 only). 6.30 Challenge of the Sexes. 10.30 Opinions unlimited. 11.00 An Audience with Jasper Carrott. 11.30 Southern News Extra. 11.40 The Late, Late Show.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 1.20 pm North East News and Lookaround. 1.30 Out of Town. 2.25 Friday Film Matinee: "Caprice." 5.15 Mr. and Mrs. 6.00 Northern Life. 10.30 The Friday Night Film: "Countess Dracula." 12.25 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 Friday Matinee: "Captain Nemo and the Underwater City." 4.13 Ulster News Headlines. 5.15 The Flintstones. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 10.30 Two at 10.30. 10.40 Sportscast. 11.10 Friday Film: "The Morning After." 12.25 am Bedtime.

WESTWARD

9.20 am West Country Job Finder. 12.26 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Friday Matinee: McMillan and Wife. 6.00 Westward Diary and Sports Desk. 10.28 Westward Late News. 10.35 Quincy. 11.35 George Hamilton IV. 12.05 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 1.30 Houseparty. 2.25 Friday Film Matinee: "A Doll's House." 5.15 Out of Town. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 The Mary Tyler Moore Show. 11.00 Appointment with Fear: "Blind Terror."

RADIO 1 247m

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Nat Whitworth and the New Million Airs (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am: As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 10.00 With Radio 1. 12.00-2.02 am: With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S) including 11.02 and 12.02 pm Cricket—The Prudential Trophy. England v. Pakistan. 12.15 Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.02 Cricket: lunchtime report and 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk and 6.02 Cross-Channel Motoring Information. 6.45 Sports Desk. 7.02 Nat Whitworth and the New Million Airs in Band Parade (S), including 7.30 Sports Desk. 8.02 Ronnie Aldrich conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Free Spin. 10.30 Let's Go Latin with Robin Jones' Latin American Orchestra. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

†Medium Wave only

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Elgar. 9.50 Young Artists' Recital (S). 10.40 Music Making from Birmingham (S). 11.40 Haydn recital (S). 12.05 pm Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Cardiff Midday Prom, part 2 (S). 2.10 Royal Repertoire (S). 3.40 The Medieval Wedding Festivities of 1529 (S). 4.45 The Young Idea (S). †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines, Leisure and Recreation. 7.30 BBC Symphony Orchestra, part 1: Zender, Berg (S). 8.10 Shakespeare and Baroque Art (talk by Nicholas Brooke). 8.30 BBC SO part 2: Brahms (S). 9.20 Pearl. 9.50 Bach recital (S). 10.15 Music Now. 11.00 Chanson Française (S). 11.25 News. 11.40-11.45 Tonight's Schubert Song (S).

Radio 3 VHF only—6.00-7.00 am, 5.45-7.30 pm and 11.45-12.05 am Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 am News. 6.17 Farming Today. 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Local Time. 9.35 A Bar For Nothing. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The World of Herbert Farjeon. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather: programme news. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour from Bristol, including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 ESP. 4.35 Story Time. 5.00 PM Reports. 5.40 Enquire Within. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Voices and Verses. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending . . . (S). 10.55 My Delight. 11.00 A Book at Bedtime. 11.15 The Financial World tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM nonstop news, information, travel, sport and reviews. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 o'clock Call. 4.00 LBC Reports continues. 8.00 After Eight. 9.00 Nightline. 1.00-5.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Tim Rice (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Set Book Repeat: Henry IV (Part One) (S). 8.00 Bryan Wolfe's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

FT CROSSWORD PUZZLE NO. 3,677

ACROSS
1 Confident birds in the main go on river (8)
5 Bill on leave is free of responsibility (6)
9 Name moment when school holidays end (4, 4)
10 Bill as advertising agent (6)
12 Banker takes in expert surroundings (9)
13 South African doctor has a dance (5)
14 Avoid military call for attention (4)
16 Let part be amended by childish chat (7)
19 Affirmed that backing Virginia was wrong (7)
21 Spear fish (4)
24 Polish leader has strong desire to clear out (5)
25 False start just too bad (9)
27 Chap making lots of lolly (6)
28 Blonde on point of joining Equity (8)
29 Experienced thanks more than once to Edward (6)
30 Apologist is back at Highbury (8)

DOWN
1 Isolated copper joins swell (3, 3)
2 Concerned to make accountant call (6)
3 Sunburn from South Africa can be the very devil (5)
4 Racket over one willing to flower (7)
6 Angry words expected from comedy team (5, 4)
7 Last month one friend entered final (8)
8 Aren't the changes meant to menace? (8)
11 Fall for doctor before operation (4)
15 Contest against the clock in vaults in Derby (5, 4)
17 Ceremonial costume the brave may have to face (3, 5)
18 Unequalled and yet quite common (8)
20 Silly to leave Danish leader behind . . . (4)
21 . . . in confidence of soldier (7)
22 Do wrong leaving before finish (6)
23 Shutter fitting better (6)
26 Treasure sound of gang (5)

Solution to Puzzle No. 3,676

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

THEATRES

GREENWICH THEATRE. 858 7755. Evenings 7.0. Mats. Sats. 2.30. THE ACHURCH LETTERS. A play by Don Taylor. "Sara Kestelman is superb as Achurch . . . Julian Curry is a splendid Shaw." FT

HALF MOON THEATRE. 480 6465-488 4196. "WE CAN'T PAY! WE WON'T PAY!" by Dario Fo.

SAVOY THEATRE. 01-836 8888. Opening June 13 TOM CONTI in WHOSE LIFE IS IT ANYWAY? with JANE ASHER. "A MOMENTOUS PLAY I URGE YOU TO SEE IT." Gdn. Evgs. at 8.00. Fri. & Sats. 5.45 & 8.45.

SHAFTESBURY. CC 836 6596. Shaftesbury Ave WC2 (High Holborn end). Evgs. at 8.00. Mats. Thurs., Sat. 3.00.

Oxford Playhouse

All's Well by B. A. YOUNG

Nick (music) and Tony (lyrics) Bicât have done a *Kiss Me Kate* with Shakespeare's *All's Well that Ends Well*. In front of a drop curtain we see the last night of a touring production, ingeniously filleted; behind it, in a double row of dressing-rooms, the company parade their private lives, where Helena (Belinda Lang) is trying to make Bertram (Ralph Lawford) in earnest.

Things would go better if there were more in the real-life version that corresponded with the events of the play. The two halves are barely integrated at all. What we see is no more than alternations between Shakespeare and Bicât; and as the Bicât is all in song there are not many subtleties in it. After a while I began to dread the repeated falls of the curtain, lovely though it is, azure semée of lilies for France, gules semée of lilies for Florence, with an appropriate castle in the middle.

Belinda Lang puts Helena's songs over strongly and plays the Shakespeare nicely too. Mr. Lawford is a decent Bertram, but he doesn't cope so well with the music, although the stage is semée of microphones. Best of the singers is Gaye Brown, looking like a Valkyrie in her Countess's coronet and belting out her songs splendidly; she is luckier in her musical Shakespeare this time than she was last year.

The dressing-room gossip is uninteresting stuff, even for those who find magic in backstage talk. This side of the curtain needs some solid attention; its content is mostly quite irrelevant to the play in front, besides being trivial in itself. Shakespeare is decidedly the hero of the evening.

Theatre Royal, Stratford E.15

The Charlie Chaplin Show

by MICHAEL COVENEY

The trouble with bio-theatre is that if you start at the beginning you have to go right through to the end. This means cramming as much detailed information into a two and a-half hour show as you possibly can, leaving no time for creating something out of the assembled evidence.

This latest showbiz hagiography by Jonathan Cross and Sue Dunderdale confronts the abyss and plummets straight down. It is a stinker fit only to set alongside similar recent theatrical body-snatch operations on Buster Keaton and (also at this address) Dan Leno.

The action is topped and tailed by Chaplin's rough ride at the U.S. immigration desk as he returns to England. For a re-entry permit, he replies to a thinly veiled accusation of being a Communist adulterer with the hallowed reply "I'll tell you who I am." The rest is a flat accumulation of brief sketches reporting an 1894 stage debut in an Aldershot canteen, clog dancing with "The Lancashire Lads," recruitment to Fred Karno's Army, the early two-reeler days in Mack Sennett's Keystone Studios, loneliness in the midst of American adulation, the switch for real money to Mutual, the insistence on making silent movies as the industry goes "talkie," the row over *The Great Dictator*, the "Second Front in Russia" speech and disappointment with "a hate-filled America."

The show works only when Ken Robertson acts out bits of the celluloid Chaplin, discovering his screen persona after a disastrous first day and a visit to the props department. The rest is all maudlin twaddle, backed up with snatches of George M. Cohan and music hall favourites.

"The moon shines down on Charlie Chaplin" chant the company after our hero's allegation that greed and a lack of humanity have ruined the world. But the story has, unfortunately, hinged on presenting Chaplin as a money-grabbing, woman-destroying opportunist with hardly a kind word for anyone. Mr. Robertson is a better mime than actor and Sue Dunderdale's lightweight production is otherwise graced by the eye-catching versatility of Alfred Molina.

Ken Robertson — Leonard Burt

Royal Academy

Double bill by MAX LOPPERT

Spring at the Royal Academy of Music brings an unusual and on the whole very successful double bill—the farce of Poulenc's *Mamelles de Tirésias* preceded by the tragedy of Vaughan Williams' *Riders to the Sea*.

(What, I wonder, would the composers have felt about the conjunction?) While the use of the excellent new Jack Lyons theatre is of course no guarantee of high standards, there was about Wednesday's performances (second evening in a run of four) an unassuming accomplishment that complemented the theatre and its resources to a nicety.

Poulenc preferred the short two-act *opéra bouffe* above all his other works. In it, he said, "si l'on veut se faire une idée de ma complexe personnalité musicale, on me trouvera très exactement moi-même." To his 1903 play (for which he coined the word surrealism), Apollinaire 14 years later added a prologue and final scene, to make more explicit, to a war-weary French public, the message "Ecoutez, ô Français, la leçon de la guerre, et faites des enfants." For a similar reason, the play seized Poulenc's attention in 1944, when he set it.

It seemed on Wednesday that, just as the music had grown, in its balance of parody, farce, and a wellspring of lyrical melancholy, ever more serious as well as delightful, ever more masterly in its craft, so the play, supported by the music, had become ever more *apropos*. Husbands are enjoined not to rely on the attractions of their wives' breasts (here red and blue balloons, helium-filled, burst by Thérèse in the first scene and released to the flies by the whole company in the end): wives are gently reminded of their natural creative functions. Perhaps this is a too po-faced description of a work whose high spirits never flag. Yet to write about it without consideration of those passages when the music inexplicably touches the emotions—the finale affords a good example—is to do less than full justice to Poulenc's (as he fairly recognised it) complex musical personality, and to his tender, subtle, endearing art.

Ten years ago, John Copley produced at the Academy the London première of the opera. The present staging, which the English National Opera North is to absorb into its repertory in November, shows all Mr. Copley's wonted deftness of invention, his light, careful comic touch. The attractive scenery by Robin Don mixes the Zanzibar of the text with the French Riviera Poulenc prescribes in the stage directions; also a note of what might be called "Hollywood French"—the kind of palatable surrealism in the decor that served Gene Kelly in his *American in Paris* dance sequences. Instilling in students the proper urbanity, the cool, unflappable timing, the facial expressions drained of all surprise, is never an easy task; and, presumably, the ENO North company will wear their tuxedos and picture hats with slightly greater address.

But there was nothing unacceptably gauche in any of the playing. One performance stood out for charm—the Husband of Kevin Hughes, a baritone with a personable stage presence and an easy high baritone, trim and firm-edged. Though she cannot boast the beautiful big eyes and manner that Poulenc so loved about his 1947 discovery, Denise Duval, the Academy's Thérèse, Elizabeth Grice, sang freshly, and moved with a certain angular charm. The uncredited translation had been updated to include such contemporary concepts as male chauvinism; its version of the moral, "Make love and multiply" carries rather too biblical a tone.

Vaughan Williams' one-acter, a bleak and unvaried setting of Synge's tale of the *Forza del destino* on the Aran Islands, is raised to eloquence when tragedy strikes, by the composer's acute, unemphatic sense of the words. The different "speeds" at which the three women—mother and her daughters—each contrast their grief are as expressive of situation and atmosphere as the winding in and out of the composer's characteristic modal harmonies, and his long, keening vocal melismas. Produced by Christopher Renshaw, the cast caught and sustained the mood with impressive exactitude. The lifting and falling of ropes at beginning and end is a rather obvious symbolic gesture—more so because the ropes creak. Both operas are conducted, with wonderful ear for their different textures, styles and timbres, with absolute command of the idiom and the pace of each by Simon Rattle, a born opera conductor if ever there was one.

Elizabeth Hall

Martin Musical Fund by NICHOLAS KENYON

What have Clifford Benson, Antony Peebles, Howard Shelley, Melody Wu, Colin Carr, Levon Chilingirian, Helen Powell, Krystyna Osostowicz, Yvonne Kelly, Jacquelyn Fugelle, Susan Kessler, and others far too numerous to mention, in common? One: they have all, at some time in their professional careers, been aided by money from the Martin Musical Scholarship Fund. Two: they were among the 60 or so such recipients who turned out to celebrate the 10th anniversary of the fund on Wednesday in an Elizabeth Hall concert which lasted two hours and 35 minutes, without even a let-up in the interval.

This was no ordinary jamboree. Few artists were allowed to play their party pieces (except Jeremy Atkin, who did Debussy's *L'Isle joyeuse*) and most of the items had been specially prepared—or in some cases, partly prepared. There were a couple of inanities, one of which was to subject us to the string parts of the Bach-Vivaldi four-keyboard concerto while four muddy pianos rumbled away in the background: the much-heralded world premiere of a Mozart piano prelude turned out to be no more than one of the lad's morning exercises in which he demonstrated how to write out a couple of decorated arpeggios modulating from F to E.

Some ensemble pieces worked well, and nothing in the whole marathon went better than the fifth or Villa-Lobos' *Bachianas Brasileiras*, with Jill Gomez floating calmly and sensually above the sounds of eight cellos—surely the instrument in which this country has the most promising young talent. Wind players were accommodated in a curious little canzona by Matthels Weckman; four more violinists shone in Vivaldi's Op 3 No 1 (in which one of the concert's few unfamiliar names, Ming-Feng Hsin, stood out), and the Fund's work in helping resident string quartets was represented by the Lindsay's Schubert Quartet movement in C minor, done with their idiosyncratic beauty and passion.

At 10 o'clock, after the massed strings had brought a rare combination of individual vibratos and bowing techniques to the Vaughan Williams Tallis Fantasia, we began (unbelievably) to embark on excerpts from Handel's *Orlando*. Sarah Walker dominated, with an icy, biting, mad scene; the supporting cast seemed ill-at-ease. Anthony Ridley tackled the impossible task of conducting the proceedings, while Richard Reason, one of the composers whom the Fund has helped, provided a manic circus act in the foyer by way of interval entertainment. Never a dull moment. For once, in a concert where performers were frankly more important than music, it was frustrating to be given no details of the artists' varied, Martin-aided careers in the programme.

Cinema

Home Sweet Home by GEOFF BROWN

Coming Home (X) Leicester Square Theatre
High Anxiety (A) Prince Charles
Grey Lady Down (A) Plaza 1
Regeneration National Film Theatre

It's in the nature of Establishments, whether cinematic or political, to assimilate all kind of prickly movements and manifestations. So Hollywood in its time has devoured and reproduced bland versions of surrealism, skinflick pornography, flower power and student protest. Currently the monster—10 years behind the event—is digesting the Vietnam war, along with the accompanying emotional and political ructions of the late 1960s. *Coming Home*, directed by Hal Ashby, shows the distressing end result: a slickly accomplished film where the characters and their predicaments have had their jagged edges removed and are only seen in cosy soft focus—a film little different from syrupy items like *Three Comrades* of 1938 and other past treatments of lovers traumatised by war.

With a few adjustments it's easy to imagine *Coming Home* actually being made in 1938. One can see the poster on the hoardings, featuring the leading trio in lurid tints: the crippled lover, the tense wife, the soldier husband facing them with bayonet, and above them the advertising slogan — "Those whom God hath joined together, let 'Nam put asunder" (for Vietnam is thus abbreviated at one point in the film). Theoretically, the cast of *Coming Home* should be racked by complex personal problems: the emotionally and physically damaged inmates of the Veterans' hospital; the wives and loved ones hanging on, fearing every telegram; the confused soldiers in battle who find that sheer brutality is more important than manly courage. But too often the conflicts evaporate in easy solutions or melodramatic twists which tell us more about the scriptwriters (Waldo Salt and Robert C. Jones) than they do about the characters. For instance, Jon Voight's Luke Martin begins in a high state of frustration, lying flat on his bed, wheeling himself along with sticks and causing a fair amount of flying glass (and worse). But after meeting up with Jane Fonda's Mrs. Sally Hyde, fellow alumnus of Lincoln High, his temper simmers remarkably and he soon has the horrors of Vietnam in perfect liberal perspective.

Perhaps the saddest aspect of the film is the way the director puts no critical distance between himself and his material, blithely accepting all its complacencies and dubious emotions. After Ashby's Woody Guthrie film *Bound for Glory* (also photographed by Haskell Wexler) this might have been anticipated, yet one still hoped that something would remain of Ashby the satirist who could mock the pretensions of the rich and phony in *The Landlord* and *Shampoo*. The latter now seems the pivotal film in his career, where the satirist's fangs began to soften, to develop an appetite for the glossy surroundings his heroes inhabit. Now the gloss dominates. The cameraman Haskell Wexler once made a film, *Medium Cool*, probing the contradictions between the trivialising media and the impact of reality, but he now seems to have caved in to confected prettiness: he takes an annoying pleasure, for instance, in capturing the rainbow play of lights in the bar where Sally and her bosom pal Vi try to have a night on the town. Fonda herself receives loving attention from the camera: there are many "cute" reaction shots, glimpses of her catching a frisbee, mixing cocktails, tending her hair. She acts well (certainly better than Bruce Dern, playing her husband, who seems trapped like Anthony Perkins before him in mentally disturbed parts), but the reverential treatment considerably reduces our involvement. In Hollywood terms *Coming Home* is a major film, and a major disappointment.

★

In a week that brings the gilded clichés of *Coming Home*, it's a particular pleasure to come across Mel Brooks, who has built his screen career out of lampooning Hollywood formulae and now offers us a laughing fit of *High Anxiety*, dedicated to Hitchcock. The best sequence, however, has nothing to do with the master of suspense and everything to do with Frank Sinatra, marvellously parodied by Brooks (star as well as director and co-writer). Brooks suddenly sings the title song with the aid of ingratiating pauses between syllables, a lengthy microphone lead and a great deal of smiling: it is quite irresistible, and I doubt whether Sinatra will ever be the same again.

Despite that and other moments, *High Anxiety* warrants two cheers rather than three, for when Brooks does get around to Hitchcock his aim is far more erratic. The film's central situation (the murky happenings at the Psycho-Neurotic Institute for the Very, Very Nervous) runs in crazy parallel to *Spellbound*, and other films receive explicit homages. Brooks laboriously works the plot round to include a burlesque of the shower murder from *Psycho* and a childish variation on the menacing birds from *The Birds*. But his parodies of the thriller style itself are much more successful, and varied directorial tricks (not especially Hitchcock's preserve) get the comeuppance they have long deserved; take the dolly shot which crashes through a glass door in its slow journey towards the characters, eating at table. According to Brooks, Hitchcock collapsed with mirth at this joke during a special screening, but it's doubtful whether he collapsed again when the joke reappeared at the end. For Brooks still has the maniacal urge to cram every crevice of his films with fun, whether the wheezes are good, bad or merely redundant. But at least in *High Anxiety* he had the good sense, or the good luck, to use Madeline Kahn again, missing from *Silent Movie*; this delicious performer takes care of the Grace Kelly/Eva Marie Saint roles in the schema, and is a delight to behold.

★

Gray Lady Down brings us crashing back to the kind of cinema which is its own parody—the disaster movie. The particular disaster in this dismal film flatly directed by the usually lively David Greene, concerns a nuclear submarine which plummets 1,450 feet below the surface after a Norwegian vessel rips open its stern. "My God, what's wrong now?" one of the Norwegians shouts, via a plangent subtitle. Unfortunately, we know exactly what's wrong now, and all the calamities happen exactly on cue as they do in every other film about a damaged submarine. Water gushes through the hatches, drowning a decent proportion of the crew; nasty tremors send rocks and debris cascading on to the submarine roof, making the rescue attempt and the film take that much longer; morale quivers, a few more die heroically; at the end the survivors clamber blinking into the sunlight, shortly followed by survivors of the audience.

*Master of the sub is Charlton Heston, who wears more hair in this film than he has carried for some time; perhaps to compensate he acts a good deal less though the script doesn't give him, or anyone else (the cast includes Stacy Keach and David Carradine), any support.

✦

Still, there is always the cinema's past for consolation, and the National Film Theatre is regularly providing opportunities to discover some of its rarer nooks and crannies in the Friday night selection of films from the National Film Archive. Currently the films come from foreign archives, tying in with the annual conference of the Archive Federation (FIAF) held in Brighton. The item tonight, *Regeneration*, hails from New York's Museum of Modern Art and is Raoul Walsh's first feature, made in 1915; Walsh also claims it as "the first feature-length gangster picture ever made." The print has its occasional bad patches, but it's still abundantly clear how masterly the camerawork is, with the repeated conflict between light and shadow, perfectly suited to the story of the gangster (Rockcliffe Fellowes) who forsakes crime for the delights of a Bowery mission and its beautiful head girl (Anna Q. Nilsson).

Walsh made the jump to features after a year or so directing shorts with titles like *The Mystery of the Hindu Image* and *The Death Dice*. And the plot line of *Regeneration* is firmly rooted in the kind of sentimental hokum one automatically associates with Griffith, though it derives ultimately from the vast heaps of melodrama and pulp fiction which were everyone's daily bread. What is immediately distinctive, however, is Walsh's feeling for the seedy environment depicted by his camera (often on location)—the faces of the Bowery bums who crowd the beer hall and the docksides or lurk in the mission corridors, the mixed hordes on the riverboat which spectacularly catches fire. Many people in the large cast were obviously plucked straight from the street: Rockcliffe Fellows was plucked straight from the stage, though he still cuts an attractively simmering, sullen figure in the film's first half (and looks remarkably like Marlon Brando). For many reasons *Regeneration* is something to catch, before the film flies back across the Atlantic to its home in the vaults.

Jane Fonda and Jon Voight's in 'Coming Home'

St. John's, Smith Square

Mozart

by DAVID MURRAY

Wednesday's concert by the Orchestra of St. John's under John Lubbock consisted of familiar Mozart, early and late. It involved two surprises, too: one was that it began seventy-two minutes after the time originally advertised, and the other was that the late work—the *Requiem*—was awash with trombones. The score was of course "completed" after Mozart's death by his pupil Süssmayr, but there is a clear difference between the passages where the trombone trio is grandly and tellingly used, and the sections where 19th-century editions invited them to hoot along with the chorus *colle parti*. It is not believed that even Süssmayr, let alone Mozart, could have intended that, and the effect it made on Wednesday was grotesque enough to settle the issue.

Otherwise the performance was creditable, and it was good to hear bassett horns (when the trombones permitted). The North East London Polytechnic Chorus boasted an assured attack, especially in the fugal pieces; in pianissimo their ladies' tone sounded unsupported — a breathless effect too literally sought, perhaps. Mr. Lubbock's beat was less confident in the slower music, some of which was interpretatively neuter. His strings were not in their best form. Of the solo singers, the soprano and the bass shouldered their burdens impressively — Alison Hargan etched an intensely dramatic line, and John Tomlinson made a rich mahogany sound.

Earlier we heard André Watts in the E-flat Piano Concerto, K. 271: a highly self-conscious performance, bristling with lively ideas. Mr. Watts explored each of the many little cadenzas lovingly, and found high drama in the fine Andantino. He raced away with the Presto; in a hall with a thinner acoustic his wilful fleetness might have dazzled—certainly there was wit enough in what he did—but here St. John's resonant halo blended everything together, and his brightly mischevious intentions were just perceptible through the haze. Still, the Concerto deserves a performance so resolutely characterised, for it contains much more than impersonal *galanterie*; this lively sketch was welcome.

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A sceptical market

IT IS not surprising, with a general election in the offing and the opinion polls showing a greater swing towards the Government than the economic outlook alone would seem to justify, that the markets tended yesterday to see political implications in the financial news. The reversion from Minimum Lending Rate to Bank Rate at an unchanged level of 9 per cent raised expectations which the Chancellor failed to satisfy with his letter to the International Monetary Fund and his answer in the Commons to questions about the growth of the money supply and the public sector borrowing requirement. Even before the Liberals announced that their pact with Labour was approaching its end, the markets were full of speculation about the date of the election.

The reversion from MLR to Bank Rate raises two separate questions, about its purpose and about its timing. Its purpose is relatively straightforward. The original aim of MLR was to create a stronger link between short-term market interest rates and the minimum rate at which the Bank would help out when necessary as lender of last resort. But there have been a number of occasions — at the time of the Budget, for example — when the authorities have found it expedient to ignore the formula. There have been many more, especially in the recent past, when they have been obliged to reverse its working, acting on the level of market rates to achieve the level of MLR which they wanted.

Odd timing

Indirect prompting of this sort can easily be misunderstood. If the authorities feel obliged, in any case, to aim at a certain level of MLR, it is obviously much simpler to state their objective openly, and simpler still to sever the rigid link between market rates and MLR by abolishing the latter in favour of Bank Rate. How far this step is compatible with the principles of Competition and Credit Control, which implied greater emphasis on controlling the supply of money and relatively large fluctuations in interest rates, remains to be seen in practice. It is unfortunate, perhaps, that it has been taken at a time when there is widespread doubt about the Government's readiness or ability to control the money supply. It is the timing rather than the purpose of the change which has roused market suspicion.

When the news came that Bank Rate would come back at a level of 9 per cent, interest in gilt-edged perked up. The Government Broker had prepared the ground for this revival of buying interest on Tuesday by lowering the price of the long-dated tap, and yesterday he succeeded for a time in selling the new short-dated tap as well. The assumption in the market was first, that the authorities were ready to pursue more flexible selling tactics and second, that they regarded the present level of short-term rates as about right. There was a further implicit assumption. If the authorities wished to maintain the present level of rates at a time when potential buyers of gilt-edged were holding off in fear of another rise, they would surely be ready with measures to allay these fears.

Market fear

That is why interest in buying gilts died down again as soon as the text of the Chancellor's letter to the IMF became known. The new measures which the attempt to peg interest rates had led the market to expect were conspicuously absent: there was no more than the turning of existing targets for the PSBR and for domestic credit expansion into firm commitments. In his answer to Parliamentary questions on the same subject, moreover, Mr. Healey did no more than hope that the rise in short-term rates which has already taken place would soon work through to the growth of sterling M3 and promise to offset the effect on the PSBR of tax-cutting amendments to his Budget when and if this seemed to be necessary. The markets were worried at the time of the Budget about the difficulty of reconciling the projected PSBR with the money supply target and events since then have only helped to increase their anxiety. It will take more than a shift from MLR to Bank Rate, especially in an electioneering climate, to remove it.

Balancing the EEC budget

IF THERE is one thing which is certain about the draft European Community budget for 1979, tabled by the Commission in Brussels yesterday, it is that it will not survive in its original form after the Finance Ministers have been at it, and that once again the Commission will get less than it wants.

The annual budget tussle is not just a conflict between bureaucratic extravagance and Ministerial economy. It is also a conflict between those who wish to enlarge the Community's influence and its range of activities, and those who see the growth of the Comunity's spending power as an encroachment on the role of national governments.

Reflexes

This year, it would be helpful if both sides were to reconsider their traditional reflexes, and put the Comunity budget in the broader context of the discussions which are now getting under way on the problem of closer economic integration in the Community. No one can be sure that these discussions will lead to any firm conclusions before the budgetary procedure should normally be expected to be over; the best that can be hoped for it that the Nine heads of government will make some progress at their next summit in July, with the prospect of further progress in the second half of the year.

But the important thing is that the governments are talking seriously, if with varying degrees of enthusiasm, about different ways of linking their economies more closely together, and it would be helpful if the Finance Ministers could bring themselves to take a broader view of the budgetary issue than they normally do.

In the past, the Commission has occasionally appeared to consider that any increase in the budget would be desirable per se, and the bigger the increase the better. Cost-cutting by the Council of Ministers has on every occasion had one inevitable and pernicious consequence: new spending programmes, which are not mandatory under the Rome Treaty or existing Community policies, have always taken the biggest cuts, with the result that the Community continues to spend the vast majority of its resources on agriculture.

A correction of this imbalance is long overdue. The best way would be to reduce the budgetary cost of the farm policy, by a steady erosion over time of price support levels, partially offset by income support for marginal farmers or farmers in marginal areas. This could only be, however, a long-term programme, and one which lies outside the immediate competence of the Finance Ministers. But if the Finance Ministers are concerned with cutting costs, they could do a lot worse than to add their voices to those who believe that the agriculture policy in its present form is a far worse extravagence than any of the Commission's proposals for expanding the Community's regional, social or industrial policies.

Transfer

Indeed, it is policies of the latter sort which will have to be expanded if there is to be any progress towards closer economic integration, since it is abundantly clear that integration will require a transfer of resources from high-growth to low-growth areas of the Community. It may well be that this transfer can be achieved in better ways than by the precise spending programmes which the Commission has put forward: the weakness of the Commission's position hitherto is that it has lacked a governmental consensus on the general thrust of economic integration, and its budgets have been hacked about piecemeal. It would be helpful if, this year, the Finance Ministers could confer on the budgetary debate a more general, and a more Community-minded approach.

Sweden: how a model mixed economy became badly muddled up

BY WILLIAM DULLFORCE, Nordic Correspondent, in Stockholm

SOMETHING SERIOUS is obviously happening to Swedish industry when 40 per cent of Volvo, the country's biggest privately owned business, is being sold to Norway and when auditors decline to approve the accounts of Kockums, the last privately owned big Swedish shipbuilder. These are only the latest in a series of events which over the past two years have cracked Sweden's image as one of the world's most efficient industrial and welfare machines.

They have also confounded the first non-socialist Government to rule Sweden in 44 years and set Swedish pundits to querying whether the mixed economy, as practised (in very different forms) in Scandinavia and Britain can survive. Sweden must either find ways to re-stimulate private initiative or resort to some kind of "collective capitalism," Mr. Erik Dahmen, Professor of Economics at Stockholm University's Business School, said in March.

Not a few Swedish companies are still vigorous and confident. Electrolux has expanded voraciously abroad, is challenging Hoover for world leadership in the vacuum-cleaner business and accumulates profits. The recession has brought no check to the cemented carbide products of Sandvik, which has a strongly market-orientated management. Ericsson has just won a big telecommunications order in Saudi Arabia. In the case of Volvo the unhappy takeover of DAF cars has been a contributory factor to the company's problems. But with a broad brush it is only too easy to paint the picture of an industry in crisis.

For four years industrial production has stagnated or fallen. It is currently some 7 per cent less in volume than in 1974. In spite of the Kr 26bn (£3bn) which the Government has made available in loans, credit guarantees and new equity capital for the state-owned companies, employment within industry has declined. Company profits have plunged, their equity has been eaten away, and investments have taken a dive. Industrial investment is expected to drop by 12 per cent in volume this year after a 17 per cent fall in 1977.

In less than two years in office the non-socialist parties have been forced to bring into public ownership a far larger part of Swedish industry than the Social Democrats ever did in a comparable time. They have presided over mergers in the steel industry, taken over all the major shipyards apart from Kockums, bought a half share in the merged computer company, and acquired control of the two largest textile and clothing concerns. It is an ironical record for a coalition committed to turning the tide of socialism.

What has gone wrong? In the recent past Swedish industry which, with a small home population, is so dependent on exporting, in a world where the business climate is poor anyway, has got out of kilter with its foreign markets. This is due in large measure to the counter-cyclical policy, started by the Social Democrats but carried on by the non-socialists, of producing for stock, in order to maintain full employment and living standards. In a brief recession it might have been a winner. In the event it strained companies' finances, increased their debts, and curbed productivity. Over the past year it has forced them to operate at a very low capacity utilisation, in order to run down accumulated stocks, which in many instances are being offered at prices below production costs. This applies in particular to the pulp and paper mills.

The deterioration of Swedish exporting industry's relative costs is well documented. It was set off by an exceedingly generous national wage settlement in 1975, the inflationary effect of which on export prices resulted in the loss of substantial market shares in 1976 and 1977. The devaluation of the krona last year produced a recovery of export income but did not fully restore Swedish industry's cost position.

The pulp and paper mills are no less efficient than the North American and need only a re-adjustment of the dollar-krona parity to start recovering lost markets. But the plight of some other branches is more ominous and underlines the much deeper clash between commercial needs and welfare ambitions. The crisis branches which have been leaning most heavily on state subsidies are shipbuilding, steel, mining and textiles. The shipyards, which once produced a tonnage second only to that of the Japanese, are already undergoing a 30 per cent reduction of capacity, but it is obvious that further closures will come.

Restructuring—an euphemism for contraction—is the watchword. Yet most of these industries were until very recently regarded as Swedish specialities. One of the biggest shocks to Swedish pride was the disclosure, through government-sponsored investigation, of the extremely low profitability of the stainless and high alloy steel plants.

Mr. Falldin, Prime Minister: more takeovers than under socialists.

Mr. Werthen, chairman of Electrolux: voracious expansion abroad.

Mr. Gyllehammar, managing director of Volvo: an unhappy Dutch link.

Sweden's problems are not unique in western Europe. Competitors elsewhere with larger domestic markets or with lower manufacturing costs have proved to be more than a match for the Europeans, producing in larger series and gradually closing the techonological gap. Moreover, many Swedish exporters, who succeeded in maintaining their technical advance, found that they had passed the economic limit for improved quality.

"It is nonsense to put a cylinder with a guaranteed life of ten years into a product whose life cycle is no more than two to three years"—So says Professor Ulf af Trolle in a newly published book, Strategy for New Welfare. Known as Sweden's Company Doctor, he is a rationalisation expert and sits on several company boards (including Volvo's). He has the advantage of being able to reprint in his book articles dating back to the 1960s, in which he forecast the current sicknesses of the Swedish economy.

The thread running through his book is the debilitating effect of the swelling social service spending, the tax system, and the job security laws. A high rate of growth was maintained through the 1950s and 1960s, creating sufficient surplus to pay for the extension of welfare and a levelling up of incomes. It is the systems developed during this process that are the target of Professor af Trolle's criticism.

Some quotations from the Professor help to illustrate the industrial climate in Sweden. In Sweden "engineering companies have to plan for an average absenteeism of around 15 per cent," whereas "the American car industry thought it had a major planning problem when its absenteeism reached 6 per cent." An economic system based on freedom of choice "cannot be made to function when workers in general pay marginal taxes of 60-70 per cent and when only leisure is really cheap."

Product development "costs more in Sweden today than in any country competing with us." Assuming that a good product developer would need an income after tax of Kr 60,000 (£7,000) a year, the Professor calculates that he would cost a Swedish company about Kr 225,000, against Kr 150,000 in America.

As a company doctor, Professor af Trolle felt that up to 1974 he could save any toppling concern by swift action "which did not need to harm employees except that they had to change jobs." Today the job security laws make that difficult or impossible.

"I see time and again companies which could be simply and quickly rationalised into sound re-expanding enterprises if there were a mechanism to reduce staff by 10-20 per cent. . . Instead the company's finances are allowed to deteriorate to the point where it collapses and everybody becomes redundant—unless the state steps in with subsidies."

Apart from the changes in national economic and social thinking which he considers to be necessary, Professor af Trolle believes that Swedish industry for the next few years must live on the products it is already making, including cars. He puts more emphasis on product development than on the innovations called for by some industrialists.

Professor af Trolle's analysis of the conditions under which Swedish industry functions today is widely accepted within industry. A majority of the non-socialist cabinet would also probably sympathise with his views, but the Government has so far been able to do little to change conditions.

If Professor af Trolle's conditions for renewed industrial growth are to be met, there must be an understanding between Government and industry on a more aggressive policy. This is lacking at present. The devaluation of the krona appears to have had a good effect on exports. The Government has given companies greater financial leeway by abolishing the payroll tax, but with the budget deficit approaching Kr40bn further corporate relief will be hard come by.

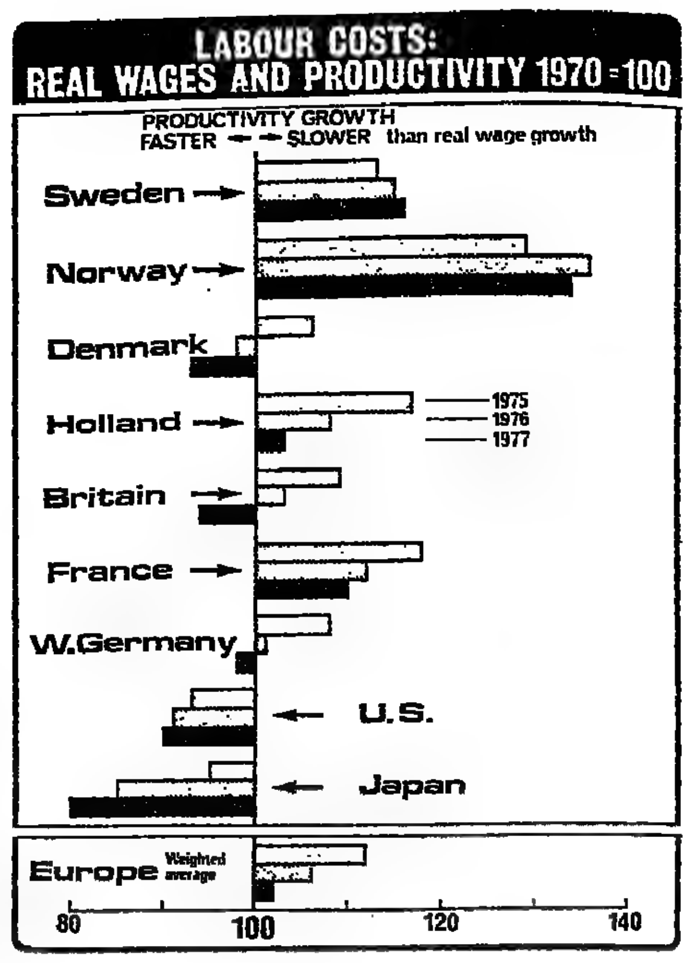
In reply to complaints that Government funds should help to develop companies with growth prospects rather than keep non-viable concerns afloat, the Minister of Industry, Mr. Nils Aasling, stresses that the restructuring of industry must be "socially acceptable." This is a fair point for a politician to make, but it leaves company managers uncertain about the long-term conditions under which they will be operating.

It is tempting to attribute the hesitancy about the future within Swedish industry to the decline of the Wallenberg influence. The personal relationship between Mr. Marcus Wallenberg, the industrialist, and Social Democratic finance ministers in the past ensured that industry's needs were understood. At 79, Mr. Wallenberg is still very active but he has recently experienced two setbacks. The plan to merge the KemaNord chemical company with Swedish Match and the great automobile fusion between Volvo and Saab-Scania were thwarted.

Mr. Wallenberg's fruitful relationship with the Social Democrats coincided with a period of strong economic growth. Times are different and those industrialists who believe that matters could be better ordered by a return to the Wallenberg style, may be indulging in unrealistic nostalgia.

Moreover, the Social Democratic party has moved its ground. It has accepted, albeit half-hearedly, the trade union proposal for the establishment of share-owning funds on the workers' behalf, to be financed from a fixed annual portion of corporate profits and to be governed by the unions. They would gradually acquire majority control of the larger companies.

These funds are expected to be one of the major issues of the 1979 general election. Another will be whether to press ahead with nuclear power. Both are of vital concern to industry and the political uncertainty surrounding them only complicates its long-term planning problems. Will the Swedes come up with a successful new formula or have they played out their role? The questions raised by Professor af Trolle about the symbiosis between industry and welfare are not being answered.



MEN AND MATTERS

Mixed trip for Magyars

There were sad faces all round yesterday as a team of Hungarian central bankers gathered in London for the signing of a $300m. Eurodollar loan, their country's biggest international credit to date. They had all been at Wembley the previous evening — to watch another Hungarian team lose 4—1. When an Englishman at the signing ceremony suggested that some of the loan could be used to buy a new team for the World Cup, the National Bank's deputy president, Janos Fekete, just gave a wry smile. "Perhaps not a good investment," said one of his aides.

But the Hungarians can celebrate a more esoteric victory. The loan includes an interest rate spread of only ⅝ per cent over London Eurodollar interbank rates for part of its life: it is the lowest charge that any Comecon nation has achieved in the Euromarkets during the present cycle. If only there had been a 6—0 win, the trip from Budapest would have been one long Hungarian rhapsody.

Tommy's task

The news that the Bank of England is changing the way it fixes the Minimum Lending Rate will give pleasure to traditionalists. The links with the pre-1972 style of announcing the Bank Rate are being partly restored. Once again the Government broker will go to the Stock Exchange on a Thursday to proclaim a change in the rate. This has long been the role of the senior partner at Mullens and Co., the brokers who trace their special relationship with the Bank of England back to 1786. The last to perform this task was Sir Peter Daniell, who would go into the old Stock Exchange at 11.45 am precisely, stand upon a jobber's chair and give out the message the City was awaiting.

Sir Peter has now retired and the job of Government broker has passed to Tommy Gore Browne. He will still wear a top hat when he enters the Stock Exchange on a Thursday —at the slightly later time of 12.30. But there is one significant alteration. Instead of climbing on to a chair, Gore Browne will press a button and speak into the intercom system.

Spa wars

A protest march in Cheltenham? It might seem hardly the place and certainly the residents are serenely indifferent. The august Cheltenham Ladies' College (founded 1853) told me that they, for one, had not heard of it, then added: "You might indeed say we are lucky. The girls will be away for their half term." But the police at least are well briefed on the demonstrators' plans for tomorrow. As Chief Constable B. Weigh assured me: "I am a prudent and cautious man and I have made arrangements to cover contingencies. But you have to see this in the context of Cheltenham, not Lewisham."

The protest is by the ABC Campaign, which agitates on behalf of three men who began the row which ended up with the naming of Colonel B.

Crispin Aubrey, John Berry and Duncan Campbell are accused of endangering national security by talking in private about the operations of the army organisation, SIGINT. The headquarters of this radio monitoring network are in Cheltenham and on Wednesday night I sat in a pub near the British Museum and heard activists planning the rather unlikely march—and picnic—in Cheltenham with which they hope to raise support for A, B and C.

One of the organisers told me the police in Cheltenham had been so pleasant that he thought he would be invited in for sherry. An estimated 800 people will converge on Cheltenham from such normally placid centres as Bournemouth. Chief Constable Weigh says he expects no trouble but wants to make sure there will be no interference with the Saturday traffic. The local Conservative Party said they would not be counter-demonstrating: "We are not the demonstrating type."

Weigh asked me whether I would be attending. When I said no, he replied "What a shame. The weather is nice."

"Seems a bit odd to announce a divorce when they've been living in sin!"

Export drive ends

Brazil's jalopy drain is over, decrees the Bank of Brazil's export bureau. It has right of veto over all exports and has decided that the nation's old car heritage must be protected.

In recent months, the bureau has received a mystifying avalanche of requests to export old vehicles (pre-1940 manufacture). It asked itself why and did some speedy research. This revealed that shrewd U.S. tourists were scavenging states in the interior, buying up old bangers for about $500 each and selling them back home for up to $20,000.

Now that it's saved the jalopies, the export bureau may soon give a thought to Brazilian butterflies, whose multicoloured cadavers are turned into ornaments, by the millions for sale in souvenir shops.

Class harmony

The unusual spectacle of workers putting in extra hours to improve their boss's pay packet has resulted from a decision of the Irish Government to cut the salary of the chief executive of the Agricultural Credit Corporation. His salary was found to be above the guidelines for the heads of state corporations, so the cut was ordered by the Minister for Finance.

Now members of the Amalgamated Transport and General Workers Union, employed by the ACC, have agreed to do three hours overtime when requested by their union officers. The money earned will be given straight to the board of directors, for payment to the chief executive.

Surprise at this example of self-sacrifice may be tempered by the knowledge that the limit at the top also affects the wage prospects of those further down the ladder.

Basic skills

It has been a chequered career so far for 37-year-old Colonel Abdolqadir, the strong man in Afghanistan's Revolutionary Council. Once commander of the air force, he was demoted to be director of military slaughter houses for several years. Perhaps is gave him stomach for the mayhem that attended the recent coup.

Observer

هكذا مضى الأجل

Labour: steering with the electoral tide

THERE IS a good deal of talk in and around Downing Street these days about "the mood of the country" and whether Mr. James Callaghan, the Prime Minister, has got it right. The supposition—it is no stronger than that—is that over the last few months the mood has changed. It has become cautious. There is a reluctance to take risks or to face any kind of confrontation that could be avoided. There is also an awareness that circumstances are difficult: people may not be entirely happy with their lot, but at the same time they admit that the situation could be considerably worse. The mood, in short, is rather similar to the natural mood of Mr. Callaghan himself.

If that supposition is correct, and provided that the mood holds, it follows that the Labour Party has quite a strong chance of winning the general election. Moreover, if the mood were to hold even after the election, the Party could be firmly in power for some time to come. Mr. Callaghan would in due course give way to his most likely successor, Mr. Denis Healey, and Mr. Healey would simply follow the same path of doing nothing extreme and nothing that would tend to alienate the majority of the country. It would not be leadership in the dynamic sense of the word, but nor exactly would there be an absence of leadership. It would be a case of judging the mood of the country, and then giving a push in the right direction.

None of that is meant as a firm prediction, but it does reflect current Downing Street thinking and it goes a long way to explain Mr. Callaghan's recent speeches and policy statements. There is also some evidence that the Downing Street reading of the change in the mood in the country has something to be said for it.

To take the opinion polls first: of course they go up and down. There is no reason to believe that the NOP findings published in the Daily Mirror this week and giving Labour a lead of nearly five per cent provide a more authoritative forecast of the election result than previous polls. The polls, by their nature, ignore the election timing and the effects of the campaign. But still the general trend has been towards a Labour recovery.

There is rather more tangible evidence of a Labour recovery in Scotland. In the end the Party won the by-election in Glasgow Garscadden by a majority it had never even hoped for. It is now confident of holding Hamilton next Wednesday, although only a few weeks ago it was almost ready to concede defeat. The results of the Scottish regional and English local elections are harder to judge, but at least they seem to confirm a Labour revival which is at its strongest in Scotland and the North of England.

Mr. Callaghan on a visit to a Colchester lathe factory: "there is a certain amount of confidence about the next phase of incomes policy."

'The N-S gap'

This "North-South gap" is perhaps indicative of the change of mood and can be read alongside other evidence that the Government is coming back into favour. The Budget, for example, seems to have been remarkably popular. According to the MORI researches conducted for the Sunday Times, nearly 70 per cent of those polled thought that Mr. Healey's proposals were both good for them personally and good for the country. Mr. Healey himself has emerged with a popularity and recognition rating almost as good as that of Mr. Callaghan.

There is also some evidence that Government policies are now more clearly understood in the country than say a year ago. Phase III of the incomes policy, for instance, has proved both more successful and more popular than most people were ready to predict. The presence of the National Enterprise Board has been felt by many who might now otherwise be without a job. Or again there is the case of child benefits: it may be quite untrue that in the past working class wives never saw their husband's pay-slips, but today the child benefit has become a noticeable part of the family income. The husband who asks his wife to hand it over, even on the reasonable grounds that it merely replaces the old child tax allowance, is unlikely to get very far. The benefit, in fact, has reinforced a measure of independence for working-class women, the very group which Labour thought that it was in danger of losing.

One would expect the political consequences of all that to emerge first in the North, if only because the North is generally poorer and more depressed. It therefore appreciates more what the Government is doing. Yet Mr. Callaghan now seems to be going further: having won back a sizeable part of traditional Labour support, he is anxious to establish a wider consensus based on the pursuit of the non-controversial.

There is no other way to explain his recent emphasis on the family or the campaign to "Buy British." No one can possibly be against it, yet there might be some mileage to be gained in stressing it. And there are other areas where it is plain that the Prime Minister is going for the approach that is most difficult for the Opposition to attack. The White Paper on Industrial Democracy this week is a perfect example. Of course it depends on what one means by it, but it is very difficult for anyone to be against industrial democracy in principle, and the White Paper itself is sufficiently vague to give few hostages to critics. "The object of participation," it says, "is understanding and co-operation and it is obvious that the chances of success are improved where employers and employees agree together on the procedures for involvement which suit their wishes and circumstances." Who could possibly quarrel with that?

Not only does such an approach disarm the Opposition; it also disarms the Left. The White Paper may be, in the words of Mr. Eric Heffer, "only a pale shadow of the proposals made by the Labour Party, or even the Bullock Report." But it is just as difficult for the Left to attack industrial democracy in principle as it is for the Tory Party. If there is a general election in the autumn, one suspects that the Callaghan version will take up a considerable part of the Labour manifesto. Alternatively, if the Prime Minister decides to go on until the spring, he now has a major item of legislation for the next Parliamentary session. And if by any chance the Government were brought down in the middle of that, it could plead that it had been acting on the side of the angels.

NEB change

Something very similar has been happening with the NEB. In effect, it has killed the nationalisation debate. Given the existence of the NEB, there is no need for any further nationalisation, for the Enterprise Board is a perfect half-way house. The Left may believe that it should do more, and the Tories that it should do less. But Mr. Callaghan can hold it up as a pragmatic institution feeling its way along and doing the best that it can. Certainly it would be very difficult to attack in a constituency—and there are many—where it had actually saved jobs. One would expect that, too, to play a large part in the Labour manifesto, and in the election campaign.

There is also a way in which disarming the Left doubly disarms the Tories. For if Mr. Callaghan can succeed in producing a moderate-looking manifesto, not only can he lay claim to the middle ground: he could also undermine the Tory charge that the Labour Party is really run by wild men and Marxists. Indeed there might even be more substance to the countercharge that the real wreckers are Mrs. Thatcher and Sir Keith Joseph, who want to change the system just as it is beginning to work. Not surprisingly, Labour is watching very closely to see whether it will be Mrs. Thatcher or her more liberal colleagues who will have most influence on the Conservative campaign.

Tories and other more objective observers may regard all or much of the above as moonshine, and of course it is still possible that things could go badly wrong for the Government. All one can say to that, however, is that there does seem to be a growing confidence in and around Downing Street that Labour can pull it off after all. It is based on the belief that Mr. Callaghan and Mr. Healey in particular have properly read the mood of the country. Mr. Michael Foot, who nowadays rarely gets any credit in public, is also praised for the way that he has brought much of the Parliamentary Party into line.

Choppy water

There is a belief, too, that even if there is another economic upset in the summer, it could be weathered. The economic team—consisting of the Prime Minister, the Chancellor and Sir Douglas Wass at the Treasury, Mr. Gordon Richardson at the Bank of England, Mr. Harold Lever and one or two others—is held to be working more smoothly than ever before. Failure of the Bonn Economic Summit meeting in July would probably lead to some increase in protectionism or, as it would be more likely to be called, "orderly free marketing." But there would be no great doctrinal disagreements, and the measures would be assumed to be popular. Equally there is a certain amount of confidence about the next phase of incomes policy. It may not be possible to bring down the rate of inflation much further, but it is argued that the country at large has understood the relationship between prices and earnings. There will be no wages explosion, or at least not yet.

It may be moonshine, but it does seem to me that a campaign based on "Don't rock the boat when the water's choppy enough" could be exceedingly difficult to beat.

Malcolm Rutherford

Letters to the Editor

The housing debate

From Mr. M. Scheiner.

Sir,—In his letter (May 23) Mr. McIntosh, the director of "Shelter," writes that, following the extension of security of tenure to furnished tenants in 1974, the percentage of homeless families coming from the private rented sector fell from 28 per cent of the total to 18 per cent in one year.

This may well be because the total number of homeless in 1975 included people who, in the absence of the 1974 legislation, would have rented accommodation in the open market. The total certainly appears to have been high as this extract from a letter in the Financial Times by the research officer of "Shelter" makes clear (March 31, 1977):

"The increasing failure to provide (cheap) housing has been at the root of the tremendous increase in homelessness in recent years so that in 1975 almost 51,000 households applied to local authorities for help."

When Mr. McIntosh says that there has been no acceleration in the rate of decline of the private rented sector he is being disingenuous. What is important for Shelter's clients is whether there has been a decline in accommodation on offer. Of that there can be no doubt. Obviously—since it is impossible to regain possession of rented property—the "supply" of occupied property has remained unaltered, but that is no comfort to those seeking a home nor, indeed, to those sitting tenants who would like to move but are reluctant to give up a valuable right.

Mr. McIntosh quotes Camden's director of housing as stating that 40 per cent of Camden's families have a net weekly income lower than the market rent of the most modest flat available in the borough. Therefore, he says, we cannot return to market forces as Mr. Anthony Harris suggested. This misses the point, however, which is that we should subsidise the tenant not the property if we wish to maximise welfare.

I feel that Shelter, itself, could make a more direct contribution to the problem of the homeless. Last year, I complained that just over half of Shelter's income went on fund raising expenses and administration. This year's accounts indicate little improvement. The ratio is 47 per cent.

Yet last month, one north London auctioneer sold 16 vacant London houses for less than £10,000 each. Shelter should be buying these and converting them to hostels. If some such positive action were undertaken I believe that Shelter would have much greater success in attracting grants and loans.

M. Scheiner.
9, Cascade Ave, N10.

Effective cheating

From Mr. H. Irvine-Fortescue

Sir,—Mr. Adrian Gray (May 17) advocates using housing as a backing to the note issue. Housing requires land and so presumably land would enter into the equation.

The basic point surely is that some method should be found to restore discipline to the note issue. By printing ever increasing amounts of paper money the Government is inflating the money supply—far and away above any increases in production.

There can be no alternative—in this situation—to further inflation or to put it bluntly further robbery of the people by a fraudulent government!

May I quote Daniel Webster. . "Of all the contrivances created for cheating the labouring classes of mankind, none has been more effective than that which deludes them with paper money."

H. Irvine-Fortescue.
The Old Dairy House,
Trentham Park,
Stoke-on-Trent.

Prudent note issue

From Mr. A. Gray

Sir,—Mr. Lee (May 25) is quite right to say that gold should be treated as a commodity, or more precisely, as production—which is what it becomes in the mined and refined state.

That paper money is a claim on production and not production itself had already been clearly stated prior to his letter but the point of the current debate does not centre around the tradeable value of gold, land, houses or any other commodity or production. It is rather that when paper currency becomes debased and retail prices rise as an effect, then holders of claims on production should have the sovereign right to exchange their note at the issuing bank for the deposit on which it is secured, as a direct alternative.

The present system does not allow this proper market relationship of choice to exist and only a return to prudent note issue banking, which has a one for one linking of each note to each real deposit (whether gold, land, housing or whatever), can reinstate the stability of values which we all purport to seek.

Adrian Gray.
31, Russell Road,
Wimbledon, SW19.

Jobs that need to be done

From Mr. M. Greener

Sir,—Experience has at last made it clear that there is no alternative, in our capital-intensive economy, to overmanning except longer and longer dole queues. Both options are politically unpalatable.

The answer of the present Government has been, or so it would seem, to latch on to the old idea that the only profitable line of business in a recession is to set up an employment agency and charge registration fees, the only difference being that the fees are charged now to the taxpayer rather than to the job-seeker, if there is such a person in an age when one can earn more on the dole. The Manpower Services Commission has flooded the land with job-centres and work creation schemes but the end result, as might have been anticipated, appears to have been to further inflate an already overmanned bureaucracy.

Might it not be feasible to look at the problem in another way. There are a great many small jobs needing to be done which do not justify the offer of full-time employment. People on the dole will not take part-time work lest they lose on the deal by having their dole drastically reduced or completely cut off. Yet the persons, often taxpaying pensioners, who need someone to do a particular job are expected to pay that dole money in any event. Again businesses, and this is from experience, need skilled and unskilled workers for varying periods, usually short and/or part-time, to cover for staff on holiday or on the sick. Here again, because permanent employment is not on offer there are no volunteers.

As these various small-time potential employers are already, through taxes, paying unemployment benefits would it not be reasonable for a system to be initiated whereby any person requiring work done, whatever the nature of the work or the time it is expected to take, could notify the local Employment Exchange and register the request for help. That body would then allocate the work in hand on a "no job no pay" basis and, on completion of the work, invoice the person making the request. Who knows, we might end up with a Dept. of Social Security run at a profit. At the very least we might reduce the present financial burden that that Dept. represents and free monies urgently needed in the Health Service and for Defence.

Michael Greener.
9 Romilly Park,
Barry, S. Glamorgan.

Lawyers' concern

From Mr. G. Searle

Sir,—In your report of April 29 (page 4) you state that the Lawyers' Ecology Group "also opposed the project"—i.e., Windscale. This is not the case. The Lawyers' Ecology Group has never taken a line on Windscale. It has from time to time made representations to the Department of the Environment concerning the way in which a decision was to be taken on the issue.

The Lawyers' Ecology Group does not see its purpose as taking a stance on merits of particular issues. Its main concern is to ensure availability of legal remedies to deal with environmental problems and it is interested in the manner in which decision-making operates. This distinction is important to draw, when one is concerned with the manner of reaching the decision on Windscale and where it might have been assumed by readers that since we were opposed to the project, we would use all possible arguments to criticise the way in which the decision was reached.

G. J. Searle.
c/o Denton Hall and Burgin,
3, Gray's Inn Place,
Gray's Inn, WC2.

Lewis Carroll lives!

From Mr. W. Whitehead.

Sir,—Your report of May 19 concerning the "quirk" of accounting procedures relative to the Shell Group's profits further convinces me that Lewis Carroll is long overdue for a posthumous honorary fellowship from one of the more august professional accountancy bodies.

W. Whitehead.
4, Derwent Drive,
Purley, Surrey.

Arab boycott list

From the Managing Director, Sales and Marketing, Alfred Herbert.

Sir,—Regarding the article (May 24) on the subject of Arab boycott, in which the name of Alfred Herbert was mentioned, I would explain to you that we are only on the partial Arab boycott list for the products of Pratt Whitney and Herbert. The company of Pratt Whitney and Herbert no longer exists.

We have done considerable trade with the Arab countries and are continuing to do so. We are hopeful in the near future that even the obscure connection and partial boycott will be totally removed.

K. W. Norman.
PO Box 30, Coventry.

Acceptable bank

From the Senior Vice-President and General Manager, Crocker National Bank

Sir,—The April 17 edition carried an article entitled "Surplus revenue" on page 16 in a section devoted to the Kingdom of Saudi Arabia. As part of that article, a "Saudi Arabian Monetary Agency approved list" of banks, presumably representing those banks acceptable to the SAMA for the placing of its deposits, was shown. We would simply like to advise you that our own institution, Crocker National Bank, has enjoyed a very active and substantial relationship of this type with SAMA since early 1976.

J. H. Dethero.
Crocker National Bank,
34, Great St. Helens, EC3.

Self-employed advantages

From Mr. F. Taylor.

Sir,—I refer to David Churchbill's article on a family doctor in your edition of May 11. I wonder whether Doctor Wilks fully appreciates the considerable income tax advantages the self-employed have over the employed. There is, in my opinion a degree of fairness in the distinction since most self-employed persons have the problems of debt collection, trade recessions and general insecurity to contend with, but it does seem that the general practitioner, who works almost exclusively for the Health Service, is getting the best of both worlds.

You will no doubt recall the recent outcry from the North Sea divers when the Inland Revenue decided to treat them as employed rather than self-employed. It was admitted at the time that self-employed status enabled some divers to earn between £10,000 and £15,000 a year without having to pay income tax, whereas the change in status resulted in a tax bill of some £3,000 to £4,000. The Government has wriggled out of this problem by introducing a change in the law in this year's Finance Bill.

I think that Doctor Wilks and his colleagues would make far more noise than they have ever made in the past, if the Inland Revenue decided to have a go at them.

With regard to comparable earnings, I would be pleased to hear on what basis the independent review body reached its recent conclusions. As a member of the accountancy profession, I consider that the majority of my contemporaries and fellow members will be very hard pushed to achieve gross earnings of £9,000 per annum at the age of 40, whereas Doctor Wilks has achieved this figure some 12 years earlier.

I think that extremely long working hours are now commonplace amongst many professional men, including myself, but I consider that in these days of high unemployment and work-sharing, this aspect should be played down.

F. Taylor.
Pandora, Marsh Lane, Taplow, Maidenhead, Berks.

Today's Events

GENERAL

Mr. Eric Varley, Industry Secretary, discusses appointment of workers to board of British Steel Corporation with Sir Charles Villiers, BSC chairman.

British Leyland plant at Speke, Merseyside, due to close.

Mr. Merlyn Rees, Home Secretary, addresses meeting of Neath Labour Party.

United Nations special session on disarmament continues.

Discussions continue in Tokyo between Japan, Soviet Union and U.S. on natural gas development project in East Siberia.

Second and final day of conference on World Textile Trade—an International Perspective, organised by British Textile Confederation and Textile Institute, Heathrow Hotel.

London Chamber of Commerce trade mission to Argentina, Uruguay and Paraguay reports back, 69, Cannon Street, EC4.

Two-day International Coin Fair opens, Cumberland Hotel, W1.

Public display of "horses stamps" (Post Office issue on July 5), Tate Gallery, SW1 (until May 31).

PARLIAMENTARY BUSINESS

House of Commons: Adjournment debates. House then rises for the spring holiday recess until June 6.

COMPANY MEETINGS

Babcock and Wilcox, 116, Pall Mall, SW, 12.30. Bestobell, Sheraton Skyline Hotel, Middlesex, 11. William Boulton, Stoke on Trent, 12. Breedon and Cloud Hill Lime Works, Leicestershire, 12. Brown and Jackson, Preston, 12. Catalin, Harlow, 12. Clayton and Son, Leeds, 2. Clifford's Dairies, Maidenhead, 11.30. Eagle Star Insurance, Baltic Hotel, St. Mary Axe, E.C., 12. Grampian, Glasgow, 12. R. and W. Hawthorn Leslie, Great Eastern Hotel, EC, 12. Percy Lane, Birmingham, 12. Minet, Abercorn Rooms, EC, 12. Pearson Longman, Millbank Tower, SW, 11.30. S. Pearson, Millbank Tower, SW, 12. Photax (London), Eastbourne, 12. Ready Mixed Concrete, Dorchester Hotel, W, 11.30. Rowntree Mackintosh, York, 11. Spear and Jackson, Chartered Accountants' Hall, Moorgate Place, EC, 11. Supra, Edgbaston, Birmingham, 12.

COMPANY NEWS + COMMENT

Better than expected £37m from Bass

TAXABLE PROFITS of Bass Charrington for the 28 weeks to April 8, 1978, were well received by the City yesterday. The Stock Market had been prepared for a setback in the region of £1m, but the figure reported was £1.4m ahead at £36.9m.

Previously the directors had warned that first-half profits were likely to be "somewhat less" than those for the corresponding period. However, helped by a better trend in trading over recent months and a £1.5m (£1.6m) surplus on the sale of fixed assets and investments, results improved.

The directors report that although sales in money terms rose from £468.7m to £506.3m, volume suffered as a result of unofficial industrial action before Christmas and with the exception of wines and hotels was below last year's level.
shown to have risen from +

Earnings per 25p share are shown to have risen from 16.8p to 17.4p and the net interim dividend is stepped up from 1.631533p to 1.8p. Last year from record profits of £86.1m a final payment of 3.210973p was made.

	28 weeks 1977-78 £m	1976-77 £m
External sales	506.3	468.7
Trading profit	47.8	40.4
Cost of borrowing	8.7	4.8
Depreciation	12.3	11.2
Earnings before tax	36.9	35.5
Tax	19.2	18.5
Earnings after tax	17.7	17.0
Attributable	0.1	—
Preference dividends	0.2	0.2
Interim Ord. div.	3.0	4.3

● comment

It now seems that *Bass Charrington* was unduly pessimistic when it forecast that profits for the first half year would be down on last time's record levels. As it is interim pre-tax profits are 4 per cent higher, though there is a small £½m shortfall if property sale profits are eliminated. Bass says the second quarter was much better than expected, with wines and hotels doing better and beer sales "improving substantially." The group has also taken advantage of the relaxed pay policy to overhaul its industrial relations and introduce productivity schemes. After this analysts are marking up full-year forecasts again. Expectations are that profits will not be less than £100m, where the prospective fully taxed p/e at 170p is 10, at a premium to the sector.

ASSOCIATES DEALS

Cazenove and Co. on May 24 bought 15,000 Pork Farms Ordinary at 665p for the account of the trustees of Northern Foods superannuation fund.

Baring Brothers and Co. purchased 30,000 shares in Harrisons Malaysian Estates at 94p for discretionary investment clients.

HIGHLIGHTS

ICI pleased the market with its first-quarter figures, which are much better than those recorded for the fourth quarter of last year, but currency factors may have played a big part. Leaving aside the Calgon acquisition **Beecham's** figures show that margins were maintained in the second half, leaving full-year profits up an eighth. Also, Lex looks at the results from **Courtaulds**, where the company says that it can see some indications of an improvement in trading profits, but the actual results are still very poor. Elsewhere, **Bass-Charrington's** figures show that its earlier predictions were unduly pessimistis, as the first half is up 4 per cent. At **House of Fraser** the first-quarter figures show an encouraging trend, while **Phoenix** first quarter is much in line with the results seen from other composites. At **ICL** interim profits are higher by a fifth, but a couple of points catch the eye and come in for comment. Meanwhile the performance at **Caravans International** looks dull, but **Extel** has lived up to expectations with profits of over £2m, while **Minster's** profits are up, thanks to higher investment income and a strong upturn from British Midland Airways.

Caravans warns of shortfall

ALTHOUGH REPORTING pre-tax profits £121,300 higher at £1,087,900 for the six months to February 28, 1978, the directors of **Caravans International** warn of a shortfall for the full year.

They believe that profits for the remainder of the year will exceed those now reported but will fall well short of last year's record second half of £2.8m.

Mid-term earnings are given at 5.3p (8.1p) per 20p share and the net interim dividend is raised from 2p to 2.2p. Last year's total payment was 4.62p.

	Six months £	Six months £
Sales	10,643,000	10,544,000
Expenses & deprec.	395,100	296,400
Share of assoc.	113,000	80,800
Pre-tax profits	1,087,900	966,600
Tax	592,900	461,800
Attributable	410,700	506,700

● comment

After the record performance in 1976/77 **Caravans International** has slipped into one of the dull patches dotting its earnings record of the past decade. Although interim pre-tax profits are some 12 per cent ahead and sales four per cent higher, they suggest little or no volume growth and the outlook remains unchanged. Second half profits are expected to fall well short of the corresponding period's £2.8m. Caravans' problems have apparently resulted from the poor summer last year which has caused serious *overstocking in the UK/Europe.* Consequently, only motor caravan sales have continued to increase in what is best described as a reasonably stable market. European sales were little changed *and New Zealand suffered a* slightly downturn. However, South Africa, which fell sharply *last year, has made a significant* improvement. The shares fell 6½ yesterday to 75p giving a yield of *ten per cent.*

Ayrshire £0.14m. off target

AGAINST a projection of pre-tax profits for 1977 in the region of £812,000, Ayrshire Metal Products reports a decline from £701,000 to £671,000.

At halfway when announcing an advance from £269,000 to £406,000 the directors said they expected the second half result to approximate that of the first.

They now say that bad debts and a loss in the Scandinavian subsidiaries totalling £133,000 contributed towards the disappointing second half figures.

Turnover for the 12 months rose from £9.08m. to £13m. Tax took £361,000 compared with £355,000 leaving the net balance £36,000 lower at £310,000.

Net final dividend is 2.1776p for a 3.5123p (3.1776p) total.

The company's interests include light engineering and steel fabrication.

House of Fraser advance

DESPITE a first-time depreciation charge for freehold and long leasehold properties of £350,000, taxable profit of **House of Fraser** jumped from £0.94m to £1.39m in the first quarter of 1978.

Turnover for the period was £13m higher at £113.14m, and *directors says that if the property* depreciation had been applied last year, pre-tax profit would have been reduced by £300,000.

Trading profit for the period was up from £3.53m to £4.41m.

For January 28, 1978, year taxable profit was £36.2m, and dividendse totalled 4.76694p net per 25p share.

Earnings per share for the quarter are shown at 0.54p against 0.36p.

Results exclude associate contributions and income from the sale of properties and investments.

	First quarter 1978 £000	1977 £000	1977-78 £000
Turnover	113,144	100,165	511,692
VAT	7,590	6,497	29,742
Trading profit	4,411	3,529	44,776
Depreciation	1,498	1,193	4,576
Interest paid	1,157	1,297	5,240
Deprcn. of props.	350	—	—
Associates	—	—	492
Surplus on sales of props. & invests.	—	—	1,407
Profit before tax	1,396	937	36,200
Tax	721	497	17,991
Net profit	665	440	16,209
Pref. dividends	8	8	32
Attributable	657	442	16,177

● comment

The first quarter is always the quietest at **House of Fraser**, but even so there are some encouraging signs. Volume is a couple of higher points and trading margins are up from 3.77 per cent to 4.18 per cent. The London stores, which account for about a third of sales, have fallen short of the very strong comparable period in 1977 when tourist buying was causing a boom in the capital. But the provincial stores have been making headway along with the retail trade in general and the latest figures support outside estimates that House of Fraser could make pre-tax profits of £42m this year—an increase of a fifth. On this basis the company is standing on a prospective p/e of 8.7 and yield of 5½ per cent. That could be considered a relatively inexpensive rating, and the involvement with SUITS and *Lonrho lends a speculative* element.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Associated Eng.	int.	1.42	July 17	1.27	—	4.69
Ayrshire Metal		2.18	June 3	2.19	3.51	3.18
Bass Charrington	int.	1.8	July 17	1.63	—	4.84
Beecham		10.05	Aug. 21	3.27	18.63	6.14
Brunning§		2.31	July 25	2.28	3.8	3.41
Caravans Intl.	int.	2.2	Sept. 2	2	—	4.62
Courtaulds		5.06	July 28	4.35	7.56	6.78
Extel		3.61	July 28	3.23	5.42	4.80
Fluidrive	int.	0.99	Sept. 29	0.88	—	3.32
Gomme Hldgs.	int.	0.59	July 6	0.89	—	3.03
Govett European	int.	1.85	July 7	1.8	—	1.8
Philip Hill/NV		3.4	July 19	4.65	7.9	6.9
Homfray	int.	1.31	Aug. 15	1.31	—	3.13
ICL	int.	2.86	July 18	2.6	—	7.43
International Paint		1.61	—	1.68	2.29	2.03
Lamont		0.3	Aug. 1	0.1	0.3	0.1
London Atlantic Inv. Tst.		1.75	July 14	1.25	3	2‡
Minster Assets		2	July 10	1.75	3.55	3.27
Moreland	int.	3.5	June 30	5	—	12.45
New Throgmorton Tst.		0.7	July 27	0.7	1.54	1.34
Polymark		1.36	Nov. 1	1.22	2.72	2.48
Pps. Hay's Wharf		1.56	July 28	1.42	—	4.95
Scottish Inv.	int.	1.1	July 24	0.9	—	2.56
Spencer Clark	int.	0.96	July 20	0.96	—	2.2
Francis Sumner		0.28	—	0.25*	0.78	0.7*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For nine months. § Directors do not intend to pay a final. ¶ Corrected.

Etxel tops £2m–joint teleprinter venture

TURNING IN profits 20 per cent ahead at a record £2.12m. for the year ended March 31, 1978, the directors of **Exchange Telegraph Company (Holdings)**, announce details of a joint venture with Extel Corporation of America to manufacture teleprinters and other telecommunications equipment.

This is the second joint venture move by Extel this year. In January it announced a link-up with the Financial Times in a *company called Fintel which provides business information* services.

Profits of Extel in the second half of 1977-78 were in line with expectations rising from £845,000 to £933,000. Turnover of this wide ranging communications group rose by 17 per cent to £20.96m.

Earnings per 25p share are shown to be up from 10.19p to 11.38p and the dividend is raised from 4.848p to 5.413p net, with a final of 3.612p.

	1977-78 £000	1976-77 £000
Group turnover	20,962	17,940
Profit before tax	2,117	1,760
Taxation	1,108	849
Net profit	1,009	903
Dividend	484,000	430,994
Unappropriated	523,000	473,000

The vehicle for this planned expansion partnership with Extel Corp. *(a completely separate and unrelated company)* will be Transtel Communications, an established UK subsidiary of Extel Corporation.

Terms have been agreed for Exchange Telegraph to acquire 43.05 per cent of the shares in Transtel for £300,000, with Extel Corporation retaining 34.95 per cent.

Additional amounts of capital will be provided over the next three years by way of share premium by Exchange Telegraph up to a maximum of £400,000 if profits of the three years to October 31, 1980, reach pre-defined levels. Based on the profit summary of Transtel the additional consideration could amount to £370,000.

Loans for working costs will be provided by both parties in proportion to their shareholdings and Exchange Telegraph will on completion advance £305,000 on loan.

The accounts of Transtel at October 31, 1977, show net assets of £118,279. Profits in the 11 months to that date were £195,000 and for the five months to March 31, 1978, they totalled £233,000.

Exchange Telegraph is a leading UK supplier of teleprinters and video displays for data and telecommunications. It will benefit from the association by participation in the manufacture of *such equipment for both the* home and export markets, with the advantage of Extel Corporation's advanced technology and specialised production facilities.

For the last five years Exchange Telegraph has distributed Extel Corporation teleprinters.

● comment

Pre-tax profits at **Exchange** *Telegraph, as forecast at the* interim stage, have topped £2m. This is mainly thanks to earnings growth of 25 per cent to £1.2m in sporting and financial news services. All the increase in this division has come from financial news with the cards and statistics service contributing £291,000, compared with £206,000 last year. The printing division, largely legal and financial work, *has recently* closed two more small factories and these rationalisation costs held back earnings in the second six months. The recently launched bond rating service has yet to make any impact while Fintel, which provides information for Viewdata, made a small loss. At 98p the shares stand on a p/e of 8.6 and yield 8.7 per cent.

Wm. Press expands to £9.5m

REPORTING GROUP *pre-tax* profits up from £7.39m to £9.56m for 1977, the directors of **William Press and Son**, the civil and mechanical engineering concern, reveal that a reassessment of the *loss on a subsidiary's contract in* Iran has resulted in a further provision of £1.99m., after taking account of escalation adjustments.

The group profit was struck after a turnround from a profit of £309,000 to a loss of £480,000 by the James Scott Group. This result reflects a loss up from £0.27m to £1.8m by James Scott (Electrical Transmissions) which mainly arose as a result of the Iran contract.

The directors point out that the problem contract was entered into in 1974 prior to the group's acquisition of Scott. On acquisition the loss on this contract was assessed at £453,000. The directors consider that a significant part of the reassessed loss should be charged to periods prior to the acquisition of Scott and accordingly £836,000 *(£417,000 net)* has been met by a transfer from reserves. This represents the surplus credited in the 1976 accounts arising on the acquisition of Scott.

Referring to the investigation by the Inland Revenue, the directors state that if ultimately there were found to be any tax liabilities, taking a "prudent view," the overall cost to the group would be unlikely to exceed £2m.

Turnover in the year was up from £158m to £196m and group earnings are shown to be up from 3.13p to 3.75p. The dividend is effectively raised from 0.75p to 0.84p net, with a final of 0.44p.

The year's tax charge was £5m (£3.96m)—UK £4.57m (£3.73m) including £3.58m deferred by stock relief and accelerated capital allowances.

ISSUE NEWS AND COMMENT

Alexander Howden to raise £26m.

BY ERIC SHORT

ALEXANDER HOWDEN GROUP, insurance brokers and underwriting agents, is making a £26.2m rights issue, while at the same time the dividend is being raised by one quarter for the *current year. The rights issue is* of 18,098,163 new ordinary 10p shares at 145p on the basis of one-for-four. In the market Howden's shares dropped 13p to 165p on the news.

Net proceeds, about £25.4m, will be used to assist the group in sustaining its growth and in taking advantage of opportunities for expansion in both the UK and overseas. Part of the net proceeds will be used to reduce short-term indebtedness and to increase the capital bases of certain subsidiaries.

The directors forecast that dividends for 1978 will total not less than 7p net per share of which 2.5p will be as an interim. This is equivalent to 10.6p gross on the basis of a tax credit of 34/66ths and represents an increase of 25.2 per cent on the total dividend declared last year. The new shares will not be entitled to the interim dividend.

It is expected that the letter giving details of the issue will be dispatched to-day to ordinary shareholders.

● comment

A rights issue from Howden's was on the cards since the authorised capital was increased at last month's annual general meeting, despite a rights issue being made only 18 months ago. The issue has come much sooner than expected and the amount is larger than might have been anticipated. These factors together with the lack of information accompanying the announcement upset the market and the shares fell 13p to 165p. The company is being particularly copy over its needs for further capital, but only part is being used to reduce short-term debt, unlike the previous rights when this was the specific object. Bank loans at the end of 1977 amounted to less than £2m. The company is still expansion minded especially in the U.S. and could be strengthening its balance sheet prior to raising the funds for *such a venture. Its insurance subsidiaries*, Sphere and Drake, may well need broader capital bases in order to expand their business. insurance operations are hungry for fresh capital. The market is looking for a pre-tax profit of £28m including six months' interest on the rights proceeds. This gives earnings per share of 20p, and a prospective p/e of 8.0—below the sector average.

C. D. Bramall coming to market

Ford main dealer C. D. Bramall is planning to come to the market next week with a placing of ordinary 25p shares. The Bramall family, which owns the company, is planning to sell about 25 per cent of its stake in the company, though the pricing of the issue is not yet finalised.

Barclays Merchant Bank and Hedderwick Stirling Grumbar are arranging the placing.

The company, which made profits of over £1m in 1977, was founded in 1957 by Mr. Charles Bramall, father of the present chairman, Mr. Tony Bramall. The Bradford-based dealer is involved in commercial vehicles, agricultural equipment and contract hire as well as cars.

Turnover during the last five years, has expanded from £4.9m to £17.6m and profits have increased from £277,000 to £1,124,000.

Ford dealers appear to be going through a buoyant period at present and market analysts are looking for a good rise in Ford registrations in 1978. Against this background profits from this group of dealers could be on a sharply rising trend—one analyst *last night suggested that profits* this year from Ford dealers could rise by a third. On the basis of existing quoted dealers Bramall might come to the market with a price tag which could give the company a market capitalisation of around £3½m.

Robert Fleming, issuing house to the highly successful Eurotherm offer, confirmed last night that it had another issue "on the stocks," but could not give any details.

I. & J. Hyman rights and ten-fold dividend boost

I. and J. Hyman announced yesterday that it plans to acquire the shares it does not already own in **Draka Foam** in a cash and shares deal worth £1.35m. and to raise £530,000 by a rights issue. Hyman is also increasing its dividend nearly tenfold.

Hyman, which specialises in the conversion of foam for the consumer products industry—the *furniture trade takes about 60 per* cent of its production—already owns a 38.55 per cent stake in Draka Foam, a leading supplier of polyurethane block foam.

The major holder selling Draka is Philips Lamp, which controls 55 per cent of the equity.

At present Hyman buys about half of its foam requirements from Draka and as an associate Draka contributes significantly to the parent's profits. In 1977 Draka chipped in £338,000 to Hyman's profits of £667,000.

The consideration, which includes cash of £1.15m, will be *part financed by the rights issue* money and the proceeds from a £800,000 medium-term loan arranged with National Westminster.

The exit p/e for Draka is 4.7.

Draka also owns 995,000 Hyman shares (13.12 per cent of the capital) and these will be placed after the acquisition.

Terms of the rights issue are three-for-ten at 29p per share. In the market the shares eased 1p to 37p.

The dividend will be raised from 0.196625p per share to 1.9p for the current year indicating an ex-rights prospective yield of 8.2 per cent.

The directors who control about 17 per cent of the capital will be taking up their rights. The issue is underwritten by Hill Samuel.

It is also announced that Somercel, a joint company owned by Hyman and British Vita, intends to compulsorily acquire the remaining three per cent in Harlok which remains outstanding following the full offer which became unconditional last April. Total consideration in this deal is £478,000-£250,000 from Hyman.

An egm is called for June 13 to increase the authorised capital.

MORE O'FERRALL

Subject to ordinary holders' approval, More O'Ferrall proposes to increase the authorised capital *to £1m and to create and issue* 256,200 new 10 per cent second cumulative preference £1 shares of £1 together with 512,397 new ordinary 10p shares by way of a scrip issue. This will be on the basis of one second preference share for every 16 ordinary shares and one new ordinary share for every eight ordinary shares.

An EGM will be held on June 30, following the annual meeting. It is expected that dealings in the new shares will commence on July 10.

BARNET OFFER OVERSUBSCRIBED

The London Borough of Barnet's offer of £5m of 12½ per cent redeemable stock closed yesterday morning *comfortably oversubscribed.*

Brokers J. and A. Scrimgeour said that the terms of the issue, which at first looked to have been pitched very tight, started to look better against the market on Wednesday and Thursday morning there was a flood of applications at the last minute.

Applications for up to £2,500 of stock have been allotted in full and above that allotments are on the basis of 8.79 per cent with a minimum of £2,500.

Dealings start today.

BBK—97.6%

Brown Boveric Kent's rights issue has been taken up as to 97.6 per cent. The balance has been sold at a premium of 22.73p each.

Manders in strong position for expansion

THE FINANCIAL "position" at Manders (Holdings) is very strong and the group is well placed to deal with the hoped for future expansion, Mr. G. Norman, the chairman, tells members.

Though he is unable to give any precise forecast for trading results in the current year he says that Mander Kidd (UK), which achieved satisfactory results last time, should maintain this improved performance.

As reported April 27, group taxable *earnings for 1977* were marginally down at £2.37m (£2.4m) on sales ahead to £24.07m (£20.49m), and the net dividend is lifted to 2.5423p (2.2750p) per 25p share.

ICL £2.8m midway rise: healthy order book

AFTER HIGHER interest charges of £5.1m, against £3.7m, reflecting the increased working capital requirements resulting from the rapid growth of the business, ICL expanded pre-tax earnings by £2.8m to £15.8m in the half year to March 31, 1978. Sales climbed from £187.8m to £232.1m.

The outlook for the rest of the current year remains encouraging says Mr. T. C. Hudson, the chairman. The growth of orders which he reported in January has continued and the group ended the first half with a very healthy outstanding order book. Total new orders taken during the period were a third higher in value than last time with over half coming from overseas.

The company also has very extensive finance facilities available to it which are more than adequate to meet anticipated requirements, and at half time it had a favourable net cash balance worldwide, he adds.

Tax took £6.5m (£5.1m) and earnings per share are stated up from 23.08p to 26.97p. The net interim dividend is raised to 2.86p (2.6p). The final last year was 4.825p paid from record profit of £30.3m.

In September the directors said they expected that earnings levels over the next few years should provide ample room for a further growth in distributions, subject to government restraints.

	Half-year 1977-78 £m	Half-year 1976-77 £m	Year 1976-77 £m
Sales	232.1	187.8	415.7
Trading profit*	20.9	16.7	37.0
Interest	5.1	3.7	6.7
Pre-tax profit	15.8	13.0	30.3
UK tax	2.0	1.3	4.1
Overseas tax	4.3	3.8	7.6
Net profit	9.5	7.9	18.6
To minorities	0.3	0.2	0.5
Attributable	9.2	7.7	18.1
Dividends	[illegible]	0.8	2.5
Retained	8.0	6.9	15.6

* After depreciation on fixed assets of £15.7m (half year £13.9m, full year—£26.6m.

Some significant new products were launched during the six months. In March the company introduced the 2903 system, each with advanced facilities, while three enhanced versions of the ICL 1500 Series mini-computer were released in mid-April. At the beginning of April it announced a radically different new kind of computer, the Distributed Array Processor, which gives a 10-fold increase in the available power of the large 2900 Series computers, Mr. Hudson states.

● comment

ICL's interim pre-tax profits are 21 per cent. up on the comparable period of last year but £1.5m. down on the previous six months. Two points catch the eye. First, there is no visible provision for revaluation of data processing equipment on repurchase from leasing companies. Last year this item depressed profits by £4.1m. The company no longer feels it is necessary to show the figure but insists that it is of the same order of magnitude. The second surprise, is the interest charge, which has jumped from an average £3.1m. in the previous six half-years, to £5.1m. Continued labour problems and production build-ups are the explanations here and at the end of the day the company does not expect the gearing to be much different from last year. That said, the group is financing less of its sales via leasing arrangements and concentrating on outright sale and rental agreements. The latter provides a much sounder base for future profits but is a greater drain on financial resources initially, and could precipitate a rights issue at some stage. Assuming a similar sort of growth in the second half, as in the first six months, and the group should be heading for £37m. At 297p the shares yield 4.2 per cent.

Beecham expands by £16m to record £143m

SECOND HALF profits of Beecham Group have improved from £67.4m to £72.2m taking the total for the year to March 31, 1978, up to £142.8m compared with £126.8m.

The higher level of sterling in the second half of 1977-78 adversely affected the sterling equivalent of the foreign currency earnings of the group's UK companies to the extent of about £3m, the directors point out.

Group sales increased from £720.8m to £868.1m. The profit was struck after higher interest of £8.2m (£5.8m) and after allowing for tax and minorities, the available balance emerges at £76.2m compared with £68.9m giving earnings per 25p share of 52.22p against 47.8p.

As forecast at the time of the convertible bond issue last August the dividend total is stepped up from 9.375p to 28p gross, with a proposed final of 15p. On the basis of a standard tax rate of 33p the net final will be 10.05p. This would raise the net total from 6.14p to 18.63p.

The directors point out that the results for 1977-78 include for the first time the results for 11 months of the Calgon Consumer Products business in the U.S. and Canada and the six months' results of Laboratories Sobio SA, a French pharmaceutical company. These acquisitions increased group sales by £57.3m but after financing costs made only a small contribution to profits.

	1977-78 £m	1976-77 £m
Group sales	868.1	720.8
Trading profit	151.0	132.6
Interest	8.2	5.8
Profit before tax	142.8	126.8
Taxation	64.7	56.6
Net profit	78.1	70.2
Minorities	1.9	1.3
Available	76.2	68.9
Dividends	27.2	8.9
Retained	49.0	60.0

The charge for taxation includes overseas tax of £46.2m (£34.3m.).

The proposals contained in ED19 have not been adopted but it is estimated that their implementation would have reduced the tax charge by £11m and increased earnings per share to 59.75p.

A net exchange loss of £4m (profit £0.6m) relating to the net tangible assets of overseas subsidiaries and to non-sterling long-term liabilities has been debited to reserves, which have also been credited with £3.2m relating to share premiums on loan stock conversions.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Enalon Plastics, North British Steel.

Finals: J. Billam, Capital and Counties Property, J. Dykes, George Ewer, Uniflex, Wettern Brothers.

FUTURE DATES

Interims—	
Cowie (T.)	June 1
Nottingham Brick	June 14
Record Ridgway	June 13
Finals—	
Bright (J.)	May 31
Capper-Neill	June 1
Norwest Holst	May 31
Scotcros	June 6
Triplex Foundries	June 15

INTERIM PAYMENT BY W. N. SHARPE

An increased gross interim dividend of 2.6959p per 25p share, compared with 2.18909p, has been declared by the directors of W. N. Sharpe for 1978. The net distribution will be according to the tax rate in force when payment is made on July 27. The net total for 1977 was 3.3453p.

Fluidrive falls in first half

AFTER REDUNDANCY payments of £82,000 pre-tax profit of Fluidrive Engineering fell £104,000 to £329,000 in the March 31, 1978, half year.

Mr. D. L. Donne, the chairman, says the results reflect the change in product mix undertaken by the group and that this shows through in the redundancy payments.

Also there has been no improvement in its order intake owing to the continuing depression in the capital goods market, making further action necessary to ensure the long-term prosperity of the company.

The group is seeking to consolidate its fluid coupling operations at its new Bracknell site.

The consolidation will be completed as soon as possible but profits will be adversely affected until 1979.

Turnover in the six months increased from £3.72m to £4.6m, and the result is subject to tax of £171,000 (£225,000). Earnings per share are shown at 2.3p (3.7p).

The interim dividend is lifted from 0.8834p net per 20p share to 0.986p, and directors intend maintaining dividend policy, assuming there are no unforeseen difficulties. Last year a 2.4364p final was paid on record profits of £0.92m.

Sumner cut to £0.8m by low margins

SECOND HALF earnings at Francis Sumner (Holdings) slumped from £644,530 to £253,553, leaving pre-tax profit for 1977 down from a record £1.09m to £0.79m. Turnover was little changed at £16.87m against £16.55m.

At halftime when profits were up from £0.44m to £0.54m directors looked forward to a successful year, although they warned that some operations were suffering from low margins.

They now say that low margins continued to bedevil some operating companies in the year, particularly in the second half.

But they are confident that the selective re-equipment programme now in operation will have a beneficial impact in the near future.

While sales for the first four months of 1978 and the order book for the group have been slightly up, internal accounts show a mixed profit performance.

The group as a whole shows a small decrease over last year while some of the operating companies have increased profit. They are confident, however, of a successful year.

A final dividend of 0.28p takes the total from 0.7027p adjusted for a one-for-ten scrip issue to 0.78p net. Another one-for-ten scrip issue is proposed.

Earnings per share are shown at 1.80p (3.74p adjusted).

	1977 £	1976 £
Turnover	16,871,843	16,547,748
Depreciation	175,841	201,110
Interest payable	73,998	154,129
Profit before tax	790,553	1,085,708
Tax	387,713	161,030
Net profit	402,840	924,678
Extraordinary profit	880,154	*146,627
To minorities	2,297	14,640
Attributable	1,340,697	763,411
Ordinary dividends	183,509	171,178
Retained	1,157,188	592,233

* Loss.

During the year the company disposed of Lloyds B[illegible] ing Company. The surplus on disposal totalled £0.87m, and is included in the £0.88m extraordinary profit (£146,627 loss).

Directors say the benefits of the sale on the finances of the company will assist considerably in the future development of the group.

Sumner is involved in textile, engineering, plastics and offshore engineering services.

More progress expected at Viking Trust

The directors of Viking Resources Trust are confident that rising energy needs worldwide provide good investment opportunities for the company, and expect it to have another successful year, says Mr. J. G. S. Gammell, the chairman, in his annual review.

He reports that particular emphasis is placed on smaller UK companies where the rewards of discovery can be very large, but investments continue to be made in American and European companies which have a special position in the oil and gas industry.

The directors believe that the U.S. is an attractive area for oil investment and they continue to seek investment opportunities there.

As reported on April 21, pre-tax surplus fell from £283,870 to £277,206 for the year to March 31, 1978. Earnings were 1.33p (1.14p) per 25p share and the dividend is stepped up to 1.1p (0.9p) net.

A statement of source and application of funds shows liquidity decreased by £85,228 (£922,210).

[illegible]ing, Great Eastern Hotel, E.C., June 16, noon.

Satisfactory performance seen by Mowlem

Though margins in the UK so far in 1978 have been lower for John Mowlem and Co., overseas they are acceptable and Sir Edgar Beck, the chairman, still looks forward to a reasonably satisfactory year for the group.

In his annual statement he says that the accounts show a satisfactory overall position. Taxable profit for 1977 jumped to £6.13m (£4.23m) on turnover of £145.35m (£120.23m) and the net dividend is raised to 6.5p (equivalent 3.251686p) per 25p share—as reported April 21.

Though no current-cost accounts are presented Sir Edgar says that according to the Hyde guidelines profit is reduced to about £5m.

Working capital at year end was down £1.66m (£3.71m) and bank overdrafts were more than doubled to £2.34m (£925,000).

Second Hamme Investments holds 10.809 per cent of equity and the Government of Kuwait investment office holds an interest in 8.201 per cent.

Despite difficult market conditions during 1977 the building company maintained turnover but the depressed state of the industry in the UK put some pressure on margins. However, the civil engineering company held profit at a satisfactory level on lower turnover, in spite of the difficult market, the chairman states.

The new local construction division consolidated its position by executing over £20m worth of business in a very competitive market, while the engineering products division made considerable progress and continues to invest in manufacturing and marketing.

Meeting, Westgate House, Brentford, on June 14, at 11 am.

Spencer Clark down to £55,000

Taxable profit of Spencer Clark Metal Industries dropped from £122,000 to £55,000 in the March 31, 1978, half year. Turnover was £3.6m, with £2.79m of this directly comparable with last year's £2.15m.

Directors say the turnover rise is attributable to the acquisition of the steel rolling works at Rotherham, which is historically not a profit earner, and to new product, low margin sales.

Demand for its traditional agricultural and engineering steels weakened further in the period, although a notable increase of business in aircraft materials is in progress. When the current works rationalisation with its attendant costs is completed, directors expect some useful benefits.

The interim dividend is unchanged at 0.96p net per 20p share. Last year a 1.43p final was paid on profits of £304,000.

Foseco sales ahead so far

Group sales for the first quarter of 1978 at Foseco Minsep were ahead of the corresponding period last year, using exchange rates at December 31, 1977, in both cases.

Sterling helps ICI to regain some lost ground

FAVOURABLE MOVEMENT in the value of sterling enabled **Imperial Chemical Industries** to recover some ground in the first quarter of 1978 after the slump in taxable earnings from £314m to £69m in the final three months of 1977. Even so first quarter profit for the current year fell £29m to £112m on lower sales of £1.06bn against £1.19bn.

Excluding the results of Imperial Metal Industries in which the group sold its 63 per cent interest last November, total sales were 2 per cent down after a 3 per cent fall in the overseas content to £634m offset a 4 per cent rise in the UK to £426m. The fob value of UK exports was down 11 per cent at £207m.

Compared with the closing quarter of 1977 the volume of sales and their value in local currencies showed little change, selling prices being virtually unaltered. European sales increased but this was offset by reductions elsewhere and the value of exports from the UK increased by 4 per cent.

More than half of the improvement in profits over the previous three months was due to movement in the value of sterling and the resulting effect on the sterling value of export debts and of the net current assets of overseas subsidiaries. The rest was due to modest improvement in trading performance in the UK and continental western Europe, the directors say.

On a current cost accounting basis, additional depreciation, the cost of sales adjustment and the erosion of trade debtors less creditors would, together, have reduced group income before tax for the first quarter of 1978 by £62m, compared with reductions of £62m last time and £251m for the whole of 1977.

The tax charge consisted of £37m of UK corporation tax, £13m overseas tax and £3m of tax on principal associated companies less credits of £6m for UK Government grants. Had the proposals on deferred taxation contained in ED 19 been adopted it is estimated that tax would have been £14m lower for the period against reduction of about £60m for 1977.

Scottish Inv. improves in first half

Net revenue of **Scottish Investment Trust Company** advanced from £1,093,000 to £1,239,000 for the six months to April 30, 1978, after tax of £804000, against £748,000. Total revenue improved by £0.43m to £2.45m.

After deduction of prior charges at par, net asset value per 25p share amounted to 131p at halftime, compared with 123.1p at October 31, 1977.

The directors say that since the half-year the company has concluded a currency exchange agreement for $8m and the sterling equivalent.

The net interim dividend is raised to 1.1p (0.9p). Last time the final was 1.66p paid from record taxable revenue of £4.03m.

Gross interest for the half-year was £259,000 (£54,000) and expenses totalled £130,000 (£132,000).

Final half slowdown at Polymark

DESPITE A £23,000 downturn in second-half earnings to £449,000, pre-tax profit of **Polymark International** grew from £0.74m to a record £0.85m in 1977.

Turnover of the laundry and garment machinery supplier advanced from £9.9m to £12.40m.

UK tax took £0.27m (£0.18m) and overseas tax £0.19m (£0.22m). There were minority interests of £10,000 (£13,000) and an exchange debit of £77,000 compared with a £128,000 credit last time. In 1976 there was a £41,000 extraordinary credit.

Earnings per 10p share are shown at 8.92p (7.35p), and a final dividend of 1.36125p takes the total from 2.475p net to the maximum permitted 2.7225p.

Recovery in turnover seen at Tysons

In his annual statement, Mr. W. L. Tyson, the chairman of **Tysons (Contractors)**, says that although it is still considered necessary to generate some work load through the group's own developments, a gradual recovery in turnover should now begin to show itself.

As reported on May 9, turnover for 1977 fell from £12.16m to £10.31m and pre-tax profit was down at £497,737 (£798,172).

On a CCA basis, pre-tax profit is reduced to £341,048, after a cost of sales adjustment of £101,820, an additional £121,625 depreciation charge, less a £66,743 gearing adjustment.

Matthew Hall

A current cost statement for **Matthew Hall and Company** shows its historical profit for 1977 of £6.2m reduced to £5.24m by a cost of sales adjustment of £2m and additional depreciation of £0.64m, offset by a £1.68m gearing adjustment.

At the year end net current assets were up from £9.41m to £12.4m, with short term deposits £7.05m higher at £13.55m and bank balances and cash ahead from £1.59m to £1.9m. Fixed assets were £4.11m (£2.53m).

Sir Rupert Speir, the chairman, says he believes the group, with its broad base, can look to the future with considerable confidence.

The group is fortunate to be playing a leading role, not only in the building and industrial field, but also in all aspects of energy production.

At April 28 Legal and General Assurance Society held 5.97 per cent of shares and Prudential Assurance Company 7.02 per cent, while the interests of M. J. and R. D. Holliday totalled 10.59 per cent.

Meeting, Hotel Russell, WC, on June 16 at noon.

Philip Hill advances to £6m

STRUCK AFTER administration expenses of £0.35m, against £0.34m and interest charges of £1.08m, compared with £0.97m, pre-tax revenue of **Philip Hill Investment Trust** advanced from £5.45m to £6m for the year to March 31, 1978.

Gross revenue comprised franked income £5.34m (£4.65m) and unfranked £2.09m (£2.11m). Tax took £2.16m (£2.04m) and after 48,000 (same) preference dividends, available revenue was up from £3.36m to £3.79m.

Earnings are given as 7.9p (7.05p) per 25p share and the dividend total is lifted to 7.9p (6.9p) net, costing £3.79m (£3.29m), with a final of 5.4p.

Net asset value at the year end is shown at 225.5p (200p) per share, and at 225.1p (190.6p) allowing for full conversion of the loan stock.

Homfray first half setback

ALTHOUGH EXTERNAL sales were better at £20.96m against £18.9m, taxable profit of **Homfray and Co.**, the carpet manufacturing group, declined from £1,204,000 to £643,000 for the six months to April 1, 1978.

A breakdown of sales and pre-tax profit shows (in £000's): carpets—Europe £15,794 (£13,564) and £354 (£545), Australia £3,716 (£3,984) and £320 (£638), and furnishing fabrics—UK £1,472 (£1,349) and £31 loss (£21 profit) respectively.

The directors report trading conditions in Europe continue to be difficult and immediate prospects are not encouraging, whereas in Australia, a slight improvement in profitability is anticipated.

The net interim dividend is kept at 1.3125p per 25p share—for all 1976-77, payments totalled 3.125p from £1.72m, taxable profit.

After tax of £321,000 (£570,000) first-half net profit was down from £634,000 to £322,000. But, after extraordinary debits of £184,000 (£711,000) arising mainly from changes in exchange rates, and dividends, there was deficit of £65,000 (£280,000).

	Six months 1977-78 £000	1976-77 £000
External sales	20,95[illegible]	18,[illegible]
Depreciation	440	[illegible]
Interest	197	151
Profit before tax	643	1,204
Tax	321	570
Net profit	322	634
Extraord. debits†	184	711
Pref. dividend	1	1
Ordinary dividends	202	202
Leaving loss	65	280

† Arising mainly from changes in exchange rates.

Rise to £0.6m. for London Atlantic Trust

Gross revenue of the **London Atlantic Investment Trust** was £603,886 in the March 31, 1978 year, compared with £387,010 in the previous nine months.

After all charges including tax net revenue was £350,630 against £221,048, equal to 3.07p (1.94p) per 25p share.

The dividend total is up from 2p for the nine months to 3p net with a 1.75p final. Shareholders' funds totalled £8.87m (£7.33m) at balance date and the net asset value per share was 77.8p (64.2p). The funds figure includes the full investment currency premium of £0.44m (£0.43m).

The company is a subsidiary of Industrial and Commercial Finance Corporation, itself a subsidiary of Finance for Industry.

Midterm downturn for Gomme

REFLECTING a general lack of buoyancy in the retail furniture trade, pre-tax profit of **Gomme Holdings**, manufacturer of G-Plan furniture, dropped from £1,081,000 to £644,000 for the six months to January 27, 1978, on slightly improved turnover of £12.63m, against £12.28m.

Although there are now some signs that the market is improving, the slight upturn has come too late to affect the company's trading performance significantly for the rest of the year, say the directors. Second half profit is therefore expected to be similar to that now reported.

For all the previous year, taxable profit of £2.09m was achieved.

Confidence in the long term growth of the company is reflected in the continued emphasis being placed on the capital expenditure programme, which in the current year is expected to be close to last year's £820,000.

First-half profit was after interest of £88,000 (£77,000). Deducting tax of £335,000 (£562,000), the net profit is down from £519,000 to £309,000, representing stated earnings of 2.291p (3.929p) per 25p share.

The interim dividend is maintained at 0.887p net and the directors say consideration will be given to proposing an increase in the final to an amount which would maintain the company's practice of paying the maximum permitted total—last year's final was 2.138p.

Courtaulds at £54m after £33m second half drop

SECOND HALF profits at **Courtaulds** were slashed from £59.1m to £25.8m, leaving taxable profit for the March 31, 1978, year down from £80.9m to £53.7m.

Worldwide sales were up from £1.51bn to £1.58bn, with UK sales comprising £782m (£713m), and exports from the UK £387.9m (£404.8m).

Directors say results were affected by depressed market conditions at home and abroad. Export margins were also reduced by the strengthening of sterling, which took place despite costs increasing more rapidly in the UK than elsewhere. Industrial disruption also occurred in a number of plants.

They say, there are some indications that trading conditions are slowly improving. But trading results currently continue at a low level and major uncertainties still exist in the group's markets.

They point out however that there was a £30.3m cash surplus generated in the year compared with a £62.5m deficit previously. This resulted from a sustained programme of de-stocking of finished goods and a limitation of capital expenditure. There was short-time working at some works because of the reduction of stocks.

The result is before tax of £16.9m (£19.9m) including £4.1m (£7.2m) of overseas tax. The extraordinary loss of £4.9m (£5.1m) includes a £3m exchange deficit (£1.3m surplus) in respect of net current assets of overseas subsidiaries. An aggregate deficit of £19.6m on non-trading items has been charged to reserves.

Earnings per 25p share are shown down from 19.4p to 11.054p, and a final dividend of 5.081p net lifts the total from 6.775p to 7.559p.

Its 88 per cent owned subsidiary **International Paint Company** increased pre-tax profit in the year from £17.62m to £18.74m on sales of £213.94m (£198m). Directors say exchange differences reduced the trading profit by some £0.9m.

They say exports from the UK rose 28 per cent. Profit margins were difficult to maintain owing to the competitive pressures arising from stagnant markets in many countries.

The company's cash position improved because of the fall off in the inflation of raw material prices and tight control of working capital.

The result is subject to tax of £8.04m (£8.81m), and before a £1.13m exchange debit (£0.52m credit) and minorities of £1.22m (£1.06m).

Earnings per 25p share are shown at 11.4p (11.2p), while a 1.612p net final dividend takes the total for the year to 2.292p against 2.03125p after adjustment for a one-for-one scrip issue and reduction from £1 shares.

	1977-78 £m	1976-77 £m
Sales	[illegible]	[illegible]
UK customers	782.0	713.0
UK exports	387.9	404.8
Trading surplus	[illegible]	144.9
Depreciation	67.4	64.0
Profit before tax	53.7	80.9
Tax	16.9	19.9
To minorities	6.5	[illegible]
Extraordinary debits	4.9	5.1
Attributable	25.4	48.1
Pref. dividends	0.1	0.2
Ordinary dividends	20.7	18.3
Retained	4.6	29.6

Morland ahead at halfway

Taxable profits of **Morland and Co.**, brewer, wine and spirit merchant, show a £33,830 advance at £429,675 for the six months to March 31, 1978. And the directors say they expect to maintain this steady growth in the second half of the year.

The net interim dividend is lifted from 5p to 5.5p per £1 share. Last year's total payment was 12.45p from profits of £821,022.

Gilt deals lift Lamont to £0.16m

INCOME ARISING from the exceptional performance of the gilts market enabled **Lamont Holdings**, a subsidiary of Ulster Finance, in 1977 to accelerate the recovery from loss seen in the second half of the previous year. With taxable profit ahead from £30,501 to £158,899 in the second six months, the company finished the year with a record surplus of £161,892 against a deficit of £34,798.

However, the directors comment that, because of the impact of gilts, the year's performance should not be taken as a firm indicator of the future.

The net dividend is raised to 0.3p (0.1p) per 10p but the Board points out that it is not intended to restore payments to their former level until the company's development property has been sold. The dividend had been held at 0.7p up to 1975 when the company fell from a profit of £105,136 to a loss of £52,517.

Tax for 1977 took £52,192 (credit £10,310) and stated earnings per share merged at 1.39p (loss 0.36p).

Hay's Wharf doubled to £2.2m; Belgium still a problem

FROM TURNOVER of £28.6m against £26.4m previously taxable profit of **Proprietors of Hay's Wharf** jumped from £1.12m to £2.2m in the March 31, 1978, half year.

Mr. D. H. Burnett, the chairman, says results benefited from lower interest rates and reduced borrowings and the elimination of trading losses in respect of assets sold in the latter half of 1976-77. In the first half of the current year further sales of low-yielding assets were made.

Trading profit of the group was up from £3.19m to £3.62m while the depreciation charge was down from £0.93m to £0.8m, and interest charges fell from £1.22m to £0.63m.

The interim dividend is up from 1.422p to 1.564p net per £1 share. Last year a 3.526p final was paid on record profits of £2.03m.

Mr. Burnett says the reorganisation of the companies in Belgium continues, but is taking longer and proving more costly than had been anticipated. Appropriate provisions have been made.

Profits from all the other activities, including shipping, have held up well and, on average, show an improvement on those of last year.

Profits of Datakeep, acquired at the end of last year, have been incorporated for the first time and are up to expectation. Rentacrate (UK), a company engaged in the provision of specialised containers for archives and business records, was recently acquired.

Demand remains buoyant for the business services provided by the group, he says.

Work has recently started on behalf of the Department of the Environment, on a block of 14 Crown Courts, sited at the centre of the company's Tooley Street Estate.

Every opportunity is being taken to exploit growth in the trading potential which is becoming increasingly apparent in some divisions of the company, and to realise property investments where appropriate. The long-term prospects for growth in profits appear promising, he adds.

	Half year 1977-78 £000	1976-77 £000
Turnover	28,600	26,400
Trading profit	3,618	3,188
Depreciation	799	928
Interest	630	1,224
Assocs. profits	22	129
Costs of new trading projects	10	41
Profit before tax	2,201	1,124
Tax	966	364
Net profit	1,235	760
To minorities	16	31
Preference dividends	13	13
Ordinary dividends	267	231

Ladbroke set for good year

Mr. Cyril Stein, chairman of the **Ladbroke Group**, told shareholders at the AGM that profits to date "are most satisfactory and new record figures are expected from all divisions. We are well set for another excellent year and our half year results to the end of June are on target."

Carpets Interl. forecasting over £1m halfway

BY CHRISTINE MOIR

With four months' trading results now known the board of **Carpets International** is forecasting pre-tax profits in excess of £1m for the six months to June, against £370,000 for the comparable period. On that basis, an interim dividend at least equivalent to last year's (1.65p) will be paid and furthermore, payment will be brought forward to early December.

Shareholders were given this information at the annual meeting yesterday when Mr. Roger Wake, the chairman, said that "allowing for the loss in Australia, this level of performance begins to confirm a more encouraging outlook for the future."

Losses were still continuing in Australia and despite the sale of the Sydney factory in April for A$8m, there would be further reorganisation costs to bear in addition to the A$1m already incurred in 1977 and so far in 1978. Accumulated tax losses in Australia now amounted to £6m which were not offsettable against profits elsewhere.

However, Mr. Wake was hopeful that the outlook was now much improved though this depended on whether the Australian Government looked favourably on import restrictions in August. The total market for carpets in Australia amounted to 38m square metres. Carpets International had the capacity to supply 15 per cent of this but was only budgeting for 7½ per cent. If budget was met the subsidiary could be on a profitable basis.

The New Zealand carpet industry, where International had an associate company, was also said to be facing "more difficult conditions than at any time since the end of the War." The figures for the year to June there "will be very disappointing."

In the UK, which still accounted for the bulk of the business, there were signs of improvement, Mr. Wake said. In the first quarter of this year sales of Axminster were down slightly by volume but Wilton sales were much the same as for the comparable period. The company did not expect a severe contraction in these two areas over the next couple of years and, in any case, was confident that its capacity in the new technology areas would allow it to make up the slack.

One good factor in the past year was that the Receiver of Bond Worth managed to sell off stocks of the failed company without upsetting the market. Nonetheless, it was still "a slight mystery to the industry why there has not been a quicker realisation of the assets."

Despite the oversupply still evident in the industry, carpet manufacturers were now more confident of an upturn in the last four months of the year and Mr. Wake believed there were prospects of "modest but reasonable returns in 1978" with "a real improvement" to come in 1979.

Mr. James Cleminson, chairman of **Reckitt and Colman**, warned that because of the high rates of British personal taxation "it is inevitable that international companies such as ours will cease to be managed in the UK," writes James Bartholomew.

Speaking at the annual meeting, Mr. Cleminson said: "For reasons of taxation in this country it is extremely difficult to persuade successful people to return for any lengthy period of time from those areas of the world in which they obtain much greater material benefits."

Mr. David Clifford, the company secretary, said later that the headquarters of Reckitt could be "almost anywhere." He mentioned France as a possibility but emphasised that Reckitt had no plans to move for the present.

The management had not deteriorated so far, said Mr. Clifford, but it would be "difficult to maintain the kind of calibre one would like in the face of penal taxation rates." The first sign of trouble was that recruits from Australia and Europe often made it clear that they would only stay for a few years in the UK, after which they would want to move to countries where they could get more substantial take home pay.

As for current trading, Mr. Cleminson said he still believed that grocery sales would pick up in 1978 but "it does not seem to have started yet."

Cadbury Schweppes—Sir Adrian Cadbury said the group was budgeting for higher profits in the current year with consumer spending expected to increase, but this was unlikely to be reflected in first-half figures.

Peter Paul shareholders in the U.S. had approved Cadbury's merger terms at the end of last month but the deal was still being investigated by the Federal Trade Commission. In the interim Peter Paul would continue to be run as a separate company.

Freemans (London SW9)—Mr. Anthony Rampton said that in the first 16 weeks of the current year sales were approximately 18 per cent higher and that the group was expecting a very satisfactory growth in volume sales.

Associated Portland Cement—Mr. J. A. F. Binny said that despite the adverse effect of the weather on the building industry this year the group was still expecting cement deliveries for the full year to be some 3 per cent. ahead of 1977.

Revertex Chemicals — Sir Campbell Adamson said: The first two months of this year saw in the UK a continuation of the difficult situation of the latter part of 1977. During the past two months or so, however, the position had improved. Orders had come in well and there were some signs that margins may be starting to improve.

Sharpe and Fisher—Mr. K. J. Fisher said: "The encouraging opening to 1978 had continued and the first four months to the end of April sales in terms of sterling were up by some 14 per cent. With inflation in building material prices now under 10 per cent this represented the first significant increase in volume for some time."

London Brick — Sir Ronald Stewart, said, "The climate for the summer now seemed set fair, but in the somewhat longer term mounting interest rates could pose a threat to the modest recovery being witnessed in construction activity. Some insulation came from the growing involvement in activities divorced from construction in this country, and profit for the year as a whole should prove satisfactory."

Bentalls—Mr. Ronald Bentall, retiring chairman, said that sales had continued to exceed targets and were now 19.5 per cent greater than last year.

Grattan Warehouses—Mr. J. M. Pickard said that an agreement was reached in the last three weeks with company's bankers that would provide sufficient resources to cover the group's optimistic sales targets over the next two years.

PENTOS

Pentos has completed its purchase of the privately owned **Casey's Camping** for an initial consideration of £306,400. It has also greed to make further payments of up to 115 per cent. of Casey's pre-tax profits over the next two years.

BANK RETURN

	Wednesday May 24 1978	Inc. + or Dec. — for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	24,658,534	— 1,353,215
Special Deposits	1,532,200,000	— 10,000
Bankers	392,067,671	+ 58,341,209
Reserves & Other Accts	698,434,930	— 22,459,746
	2,424,096,136	+ 70,656,418
ASSETS		
Govt. Securities	1,931,441,027	+ 61,443,999
Advances & Other Accts	188,869,186	+ 5,606,527
Premises, Equip't & other Secs	228,250,194	— 10,500
Notes	15,826,411	+ 3,754,073
Coin	210,248	— 3,681
	2,424,596,136	+ 70,656,418
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,300,000,000	+ 150,000,000
In Circulation	8,284,173,589	+ 146,245,927
In Bank'g Dept	15,826,411	— 3,754,073
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs	7,372,442,120	+ 174,702,679
Other Securities	816,542,780	— 24,702,679
	8,300,000,000	+ 150,000,000

MONEY + EXCHANGES

MLR formula terminated

Bank of England Minimum Lending Rate 9 per cent (since May 12, 1978)

Initial reaction in the London money market to the news that Bank of England Minimum Lending Rate will remain at 9 per cent until further notice, and in future will be determined by administrative decision, was generally favourable.

The announcement came after a long period of uncertainty about the future level of interest rates, and was welcomed because Treasury bills, which have previously been responsible for determining MLR, are now expected to return to a more normal relationship to other market rates. The result of the weekly bill tender will be determined by commercial decisions entirely, rather than official policy, and this has already led to the narrowing of differentials between discount houses buying rates for Treasury bills and other paper, such as fine bank bills and sterling certificates of deposit.

Buying rates for three-month Treasury bills rose to 8⅞ per cent in places, from 8⅝ per cent, while rates for similar dated bank bills fell to 9-9⅛ per cent from 9¼ per cent.

Day-to-day credit was in short supply yesterday, and the authorities gave a large amount of assistance by buying a moderate number of Treasury bills from the discount houses, and a small amount of local authority bills.

Banks brought forward surplus balances, there was a slight fall in the note circulation, and the market was also helped by slight net maturing Treasury bills. On the other hand substantial revenue payments to the Exchequer exceeded Government disbursements and settlement was made of the gilt-edged stock sold by the authorities on Wednesday.

Discount houses found closing balances at around 7-7½ per cent, while the Interbank market traded at around 7-7½ per cent in mid-afternoon, but finished at 15 per cent.

May 25 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-15	—	—	—	7½	6-8	—	—	—
2 days notice	—	—	8¼-8⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	8⅛-8½	8⅜-8½	—	8¾-9	8⅝	7⅞-8	—	—	—
One month	[illegible]	9-9⅛	8¾-9	9¼-9	9-9¼	9½	[illegible]	[illegible]	[illegible]	9⅛
Two months	[illegible]	[illegible]	—	9¼-9	9⅜-9⅝	—	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	9-9⅛	9¼-9	[illegible]	9⅞	8⅝	[illegible]	9-9⅛	[illegible]
Six months	[illegible]	[illegible]	9¼-9⅝	[illegible]	[illegible]	—	—	—	[illegible]	10
Nine months	[illegible]	[illegible]	—	10-9½	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	10-9½	[illegible]	—	—	—	—	—
Two years	—	—	11-11¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¾-12 per cent; four years 12-12½ per cent; five years 12¼-12½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9[illegible] per cent; four-month trade bills [illegible] per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; and two-month [illegible] per cent; and three-month [illegible] per cent. One-month trade bills 9 per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent from May 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 6 per cent. **Clearing Banks Base Rates for lending** 9 per cent. **Treasury Bills:** Average tender rates of discount 8.4224.

COMPANY ANNOUNCEMENT

ELANDSRAND GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

STOCK EXCHANGE LISTINGS
PROPOSED RIGHTS OFFER OF 25.161,413 SHARES OF 20 CENTS EACH

The Committee of The Johannesburg Stock Exchange has granted a primary listing for the letters of allocation and subsequently for the shares, as follows:

(a) Renounceable letters of allocation (nil-paid) in respect of 25 161.413 shares will be listed from May 29 1978 to June 21 1978, both days inclusive. Dealings on The Johannesburg Stock Exchange from May 29 to June 2 1978 inclusive, will be for settlement in Account No. 23; thereafter dealings will be for normal settlement.
The last day for splitting renounceable letters of allocation will be June 22 1978.

(b) With effect from June 22 1978, a total of 75.484.238 shares of 20 cents each will be listed, made up as follows:
(i) 50 322 825 shares being the existing issued capital of the company:
(ii) 25,161.413 shares arising from the offer. Deals in these shares on The Johannesburg Stock Exchange between June 22 and July 14 1978, inclusive, will be for settlement in Account No. 29. All subsequent deals will be for normal settlement.

Application has been made to the Council of The Stock Exchange in London for a listing for the new shares with effect from May 30 1978. Dealings in London will commence in nil-paid shares from that date, and in fully-paid shares from June 26 1978. Dealings in nil-paid shares in respect of the period May 30 to June 5 1978 will be for deferred settlement on June 6 1978.

Johannesburg. *May 26 1978.*

Underwriting loss holds back Minster profit

AN UNDERWRITING loss of £2.27m, compared with a £90,118 profit last time, in the motor, fire and accident account at Minster Assets in 1977 offset the pre-tax contribution from British Midland Airways which rose sharply from £44,863 to £1.47m. The group ended the year on taxable earnings £0.47m ahead to a record £7.69m after being £0.99m better with £3.75m at half time.

Marine and aviation underwriting showed improved profit of £560.253 (£171,818) and investment income rose from £5.83m to £7.09m. The result at British Midland was after interest charged by the parent company of £15,364 (£129.851).

In November the directors had said that the stability of sterling and signs of a slowdown in the rate of domestic inflation augured well for the immediate future and a good result was anticipated. However they commented that the first-half turnround from £499.000 deficit to a £111,000 surplus at British Midland Airways owed much to exceptional non-recurring factors.

Tax for the group was down from £4.01m to £3.59m for the year and stated earnings per 25p share emerged at 9.51p (6.84p). The net total dividend is stepped up to 3.55p (3.27185p) with a final of 2p.

A fall in the value of the company's oil exploration interests resulted in an extraordinary loss of £751,282, offset by other extraordinary gains of £17,121 (£15,200). For 1976 there was an extraordinary debit of £1.09m as the portion of reserves attributable to minority holders arising from interest taken in the Minster Insurance Company.

Because of the setback in the motor, fire and accident underwriting account the group's insurance broking and underwriting subsidiary Robert Bradford (Holdings) reports taxable earnings down from £7.05m to £5.92m for 1977. At half time profit was up at £3.56m (£3.28m).

Tax for the year took £2.89m (£3.95m) and dividends absorbed £1.22m (£1.08m). An extraordinary surplus this time of £35,282 arose on the sale of investments. For 1976 there was a debit of £1.09m as shown in the parent's accounts.

	1977 £	1976 £
Investment income	7,093,209	5,831,471
Marine & aviation u/w	560,253	171,818
Motor, fire & acc. u/w loss	2,226,394	*90,118
Share of assocs.	53,650	59,361
Expenses	1,279,270	655,795
Lloyd's u/w agencies	1,035,630	900,750
Insurance broking	505,285	527,059
Other activities†	355,716	246,302
British Midland	1,472,366	44,863
Bradville	172,434	33,335
Pre-tax profit	7,696,129	7,219,191
Tax	3,592,907	4,011,923
Net profit	4,093,222	3,205,268
To minorities	849,191	868,545
Extraord. debits	734,161	1,079,745
From reserves	734,161	1,124,897
From investment res.‡	2,077,840	§304,856
Available	5,330,871	2,078,959
Preference dividend	3,500	3,500
Ordinary dividend	1,216,682	1,110,790
Retained	4,114,189	968,169

* Profit. † Investment holding banking and issuing house activities. ‡ From investment reserve of Minster Insurance group £3.40m (£303,228). § To investment reserve.

● comment

A £700,000 provision to cover run offs from the closure of the Moroccan general insurance business and a £1.4m underwriting loss in France are the main elements in Minster's motor, fire and accident underwriting loss. The Moroccan operation closed down three years ago but inflation has lifted the cost of claims and forced the company to make the additional provision. The UK motor underwriting broke even and there was a £100,000 loss on the UK fire and general business. But the marine and aviation underwriting profit was sharply higher.

Overall group profit was up on the 1976 figure because of strong growth in investment income and a dramatic improvement in performance by the British Midland Airways subsidiary. The profit mix will change again in 1978 with an underwriting loss expected but at a lower level than 1977; a profit contribution of around £1m from British Midland Airways and some growth in investment income although not at the same rate as in past years: the group has completed its portfolio shift from equities to higher yielding gilts. The market was disappointed with the figures and the price closed at 63p, down 1½p. At that level the p/e is 6.4 and the gross yield is 8.8 per cent.

Berger Jenson expands

PRE-TAX PROFIT for 1977 of Berger Jenson and Nicholson, a subsidiary of Hoechst AG, expanded from £7.54m to £8.12m with £2.76m against £2.67m arising in the first half. Full-year sales were ahead from £176.95m to £197.39m.

The 1977 result was after interest of £4.37m (£3.85m) but included a share of associates profit of £2.49m (£2.01m). Tax took £4.04m (£3.16m) and after exchange debits of £3.72m (£2.48m credits), other credits £0.28m (£0.8m debits) and minorities £0.28m (£0.7m), attributable profit fell from £5.35m to £0.36m.

A final dividend of 2.442p (2.322p) makes the total payment 3.642p (3.722p) per 20p share.

The group manufactures and distributes paint resins, wood preservatives, industrial sealants and wall-coverings.

Strikes and low demand trim AE to £15m in first half

REFLECTING DIFFICULT industrial relations and lower demand in some sectors, profit of Associated Engineering declined by 7.4 per cent to £15m in the half year ended March 31, 1978. Profits in the remainder of the year are expected to show some increase on this result.

Mr. J. N. Ferguson, chairman, explains that the industrial disruption resulted in lower than planned production. The lower demand occurred in the capital goods industries including shipbuilding and farm equipment, but these shortfalls were partly offset by increases for turbine components and strong sales of replacement parts, both at home and for export, although at lower margins.

Although the proposed tax cut may provide some stimulus to consumer demand, Mr. Ferguson says that the prospects now for many of the industries served by the group show little or no increase in demand in the coming months. However, current indications are that second-half profits should show some improvement over those of the first half.

Sales in the half year showed an increase from £142.7m to £158.7m comprising UK £98.2m (£87m) and overseas £60.5m (£55.7m). Profit attributable to ordinary holders comes through at £7.4m, against £7.9m, and earnings per 25p share are given at 8.1p (9.3p).

The interim dividend is increased from 1.27p to 1.42p net—the total for 1976-77 was 4.69p paid from profits of £32.5m.

	Half year 1977-78 £m	Half year 1976-77 £m
External sales	158.7	142.7
Profit before int. and tax*	16.5	18.1
Net interest payable	1.5	1.9
Profit before tax	15.0	16.2
Taxation	7.2	7.9
Net profit	7.8	8.3
Minorities	0.3	0.3
Preference dividends	0.1	0.1
Attributable Ordinary	7.4	7.9
Ordinary dividends	1.3	1.2
Extraordinary items†	0.1	0.5
Retained	6.2	7.2

* After depreciation £3.5m (£2.8m). † Debentures redeemed gave rise to profit of £0.1m (£0.3m).

The tax charge for the half-year has been calculated at 52 per cent for UK earnings and at the rates expected to apply at the year end in respect of overseas earnings. In previous years the rate of tax was applied to all earnings at the half year. The figures shown for the six months to March 31, 1977 have been adjusted to reflect the change, the effect being to reduce the charge by £0.4m. In accordance with group accounting policy £0.2m (same) has been deducted from the tax charge for the half-year in respect of the transfer from Government grants reserve.

At March 31 total shareholders' funds amounted to £92.5m, against £87.1m at September 30, 1977. Bank overdrafts were up from £18.1m to £26.5m while short-term deposits and investments were lower at £12.1m (£13.8m). Net current assets excluding bank overdrafts increased from £86m to £102.6m with stocks and work in progress up from £87.6m to £98.8m.

Profits of AE's 58 per cent-owned South African offshoot were maintained during the six months ended March 31, 1978; a period which may prove to have been the last phase of the lengthy recession in the South African motor industry.

Turnover rose from R22.3m to R24.2m, suggesting little volume change, and profits before interest and tax came through at R1.7m (R1.8m). Earnings per share amounted to 35 cents (34 cents). The interim dividend is unchanged at 7.5 cents and there is no hint of any change in the total—pegged at 26 cents since 1975.

The directors say that the general trading pattern over the past six months has "shown signs of recovery," but is not yet confident of a sustained upturn. Reasonable margins have been maintained in the face of increases both in competition and costs.

Provided the current trend continues, profits for the year are expected to show an improvement.

At 343 cents, the shares have been strong in line with the rest of the motor sector, and yield a forward-looking 7.5 per cent.

● comment

With motor component manufacturers generally suffering in a depressed industry a seven per cent profits slide at Associated Engineering was not unexpected in a period taking in a strike at one factory in November and December. But the profits forecast suggests that the company's earlier confidence now seems more muted given what is anyway a traditional bias in the second six months. Sales of replacement parts are going well but with other groups entering this competitive field margins are understood to have been squeezed. Some return from last year's heavy capital investment should now be showing through while the UK car market is more buoyant. Meanwhile demand for turbine components has been picking up, though the boom in diesel engines may be petering out. At 115p the shares stand on a P/E of 6.1 (on unchanged profits) and yield 4.5 per cent.

£0.9m at New Throgmorton

Pre-tax profit of New Throgmorton Trust climbed from £880,912 to £943,329 in the March 31, 1978, year. The result is subject to tax of £315,363 against £389,746.

Earnings per 25p share are shown at 1.605p (1.255p), and the final dividend of 0.7p takes the total to an unchanged 1.54375p net.

COMPANY NEWS IN BRIEF

ROWAN HIGH YIELD FUND—Interim distribution on Income units for accounting period November 17 1977 to November 16, 1978 will be 1.508p net per unit (1.408p last year), payable on June 30. On latest subscription day, May 18, the offered price of Income units was 67.2p xd and the estimated gross yield calculated in accordance with the terms of the Deed Trust was 7.63 per cent.

LONDON ENTERTAINMENTS (theatre production and management)—Pre-tax profit £40,851 (£50,267) for six months to February 28, 1978. Tax £16.431 (£22,264). Chairman says although income from invested reserves has been maintained, trading results have been reduced as might be expected. However, with fine weather and the usual arrival of visitors, an improvement during the summer months is anticipated. Profit for 1977-78 year peak £99,216.

LONDON INTERCONTINENTAL TRUST—For six months to March 31, 1978, group loss £13,194 (£923). Again no tax or interim dividend.

G. AND W. COLLINS (food and drink distributors)—Results year to February 25, 1978 already known. Group fixed assets £3.41m. (£2.72m.), net current liabilities £1.07m. (assets £236,000). Net liquidity down £641.000 (up £17.000). Meeting, Haydock, Merseyside, on June 21 at 9.30 a.m.

KUALA SELANGOR RUBBER COMPANY—(member of Harrisons and Crosfield group)—Results for 1977 reported April 12. Fixed assets £0.46m. (£0.45m.), net current assets £132.121 (£145.658). Rubber crop expected to drop 10 per cent and palm crop to rise by one third. Results in 1978 expected to be similar to 1977. Meeting, 1-4 Great Tower Street, EC, June 15 at 12.30 p.m.

TANJONG TIN DREDGING—Fixed assets £125.870 (£153.479), current assets £0.90m. (£1.08m.), current liabilities £0.29m. (£0.35m.). Pahang Consolidated Company owns 29.6 per cent of shares and Gopeng Consolidated 5.75 per cent. Meeting, London Wall, June 15 at 2.30 p.m.

HAWTIN (protective clothing, etc.)—Results for year to January 31, 1978, reported May 3. CCA pre-tax profit £648,000 (£489,000) after depreciation £98,000 (£29,000), cost of sales £123,000 (£118,000), gearing £76,000 (£119,000). Group fixed assets £1.36m (£1.22m), net current assets £1.67m (£1.38m). Working capital decreased by £166,707 (£278,311 increase). P. G. Holdings holds 11.82 per cent of equity. Meeting, Blackpool, June 14, 2.30 p.m.

FIRST CASTLE SECURITIES—Results to January 31, 1978, already known. Fixed assets £182,510 (£149,054), current assets £1.03m (£0.86m), current liabilities £0.2m (£0.25m). Meeting, Liverpool, June 14 at 11.45 am.

MANCHESTER AND LONDON INVESTMENT TRUST—Total income £23,261 (£29,425) for 1977. After loan and bank interest and management expenses £8,191 (£14,331), revenue £15,170 (£15,094). Tax nil (same). Net asset value per 50p share 20.9p. Final 0.4875p net making total 0.975p (same).

HOLYROOD RUBBER—Harrisons and Crosfield group member. Results to December 31, 1977, already known. Results for 1978 not expected to be materially different to 1977. Fixed assets £0.54m (same), net current assets £92,935 (£104,056). Meeting, 1-4 Great Tower Street, EC, June 16, at 12.30 pm.

BUNZL PULP AND PAPER—Results for 1977 reported on May 17 in full preliminary statement with prospects. Group fixed assets £36.36m (£38.39m), net current assets £26.54m (£28.35m). Liquid funds decreased £156,000 (£6.78m). Imperial Group hold 14.5 per cent and American Filtrona Corpn. 10.5 per cent as at April 25, 1978. Meeting, Abercorn Rooms, EC, June 15, at 11.30 am.

CHANGE WARES—Results for 26 weeks to December 31, 1977, already reported. Including H. Stockwell and Co. and unaudited fixed assets £2.31m (£2m). For the 26 weeks net liquid funds rose £0.37m (£0.64m decrease). Meeting, Liverpool Street, EC, June 14, at noon.

BODYCOTE INTERNATIONAL (textiles)—Results for 1977 reported April 26 with observations on prospects. Group fixed assets £5.66m (£5.29m), net current assets £5.79m (£5.09m). Bank balances and cash up £457,000 (down £713,000). Gearing reduced from 45 per cent to 32 per cent. Meeting, Manchester, June 20, at 12.30 pm.

ROBERTS ADLARD (building industry supplier)—Results for 1977 already known. Group fixed assets £742,520 (£817,686), net current assets £1.69m (£1.31m). Net liquid funds decreased £716,845 (£151,340 increase). Meeting, 116, Pall Mall, SW, June 16, at noon.

GARTONS—Turnover for seven months to November 30, £820,816 (£830,408), net loss £2,385 (£2,739). Loss per 10p share 0.1p (0.11p). Figures may not give reliable indication of outcome for full year. It is usual in seed trade that a high proportion of annual turnover is concentrated in the period December to April. Board confident that although turnover is slightly down, profits will be improved for the full year to April 30 1978.

STEAUA ROMANA (BRITISH)—For half year to December 31, 1977 surplus before tax £4,302 (£9,441) after managerial charges £7,090 (£3,562). Tax £3,146 (£3,985).

LIDSTONE (retail butchers and property investment)—For half-year to January 14, 1978 pre-tax profit £12,914 (£14,780). Tax £8,351 (£7,675). Earnings per share 2.1p (2.7p). Board expects profit for second half year to be lower than in the previous year.

BIDS AND DEALS

Carding's suitor is Unigate with 20p

Unigate emerged yesterday as the mystery bidder for Carding Group, the Midlands motor distributor whose shares were suspended on Monday. The agreed offer of 20p in cash per share, matches the suspension price, and values Carding at £4.6m.

There is also a share alternative (of 38 Unigate shares for every 100 Carding) which is worth 21.85p a share. Shareholders who accept the share alternatives will also qualify for Unigate's final dividend for the year to last March. Assuming a 10 per cent increase in the 1977 final this would add a further 2.05p to the offer price, or 1.6925p net after assuming that Carding would have paid 0.3575 (again a 10 per cent increase on last year's dividend).

Unigate already controls 54.9 per cent of the equity having won irrevocable acceptance from the directors and their families with regard to 21 per cent of the capital in addition to having a condition agreement to acquire the 33.9 per cent. owned by Mr. John Stait.

The agreement with Mr. Stait involves Unigate in buying his company Worldcourt, whose sole asset is its stake in Carding. Unigate proposes to pay off Worldcourt's indebtedness and taking this into account, the price paid for Mr. Stait's shares in Carding is equivalent to 20p per share. The contract is conditional upon Unigate being satisfied as to the accuracy of certain warranties relating to Worldcourt's financial affairs.

Holders of Carding's 9½ per cent convertible unsecured loan stock 1993 will be offered £82 cash for every £100 nominal of stock. This offer is condition upon the offer for the ordinary shares becoming unconditional.

Unigate said yesterday that the acquisition of Carding would provide a natural extension to its existing garage interests. Unigate already has a subsidiary, Zenith, whic hhas a Ford franchise in London and other, United Services Garages wit a Vauxhall franchise in Portsmouth. Other franchises exist in Cornwall and the South West. Carding's British Leyland franchises in the Midlands would form the apex of a wider triangle, Unigate said.

LONDON & EUROPEAN

London and European Group has subscribed for 50 per cent of the ordinary capital of Hamblin and Glover (Oilfield Services) of Corby, Northants for £120,000 plus a loan facility of a similar amount.

H & G manufacture and supply oilfield equipment worldwide. In addition it owns 72 per cent of the ordinary capital of H. G. Tubes of Llanelli, South Wales, manufacturers of API tubing for the petro-chemical industry. The minority holder in this latter company is the Welsh Development Agency.

Miln Marsters warns on dividends

MILN MARSTERS, which is on the receiving end of a take-over bid from Swedish group Hilleshog—which already has a 51 per cent controlling interest—has warned shareholders that dividend payments may be severely restricted for some years.

Directors of the Norfolk based seeds company recommend shareholders to accept the 200p a share bid in an offer document sent out yesterday. Mr. Robert Whitehead, chairman of Miln Marsters, says that Hilleshog intends to increase expenditure on research and development and this may adversely affect distributable profits. It was unlikely that a final dividend would be paid in the current year.

He also warned that Miln Marster's pre-tax profits in the year to May 31, 1978 will be approximately £725,000—compared with last year's £925,000.

Capital and Counties agrees to Johnson Group offer

Johnson Group Cleaners which was last year subject of an abortive takeover bid from rivals Sketchley is now on the takeover trail itself and has agreed a £1.7m offer for Capital and Counties Laundries.

The deal will make Johnson a much larger and more difficult mouthful to swallow for any potential bidder wishing to follow in Sketchley's footsteps. More importantly it will extend Johnson's cleaning operations in the South-West where it currently has ony a very limited exposure.

Johnson is bidding 150p cash for each ordinary share of Capital which compares with Capital's share price of 51p on Wednesday. Yesterday Capital's share price shot up to 148p.

In addition Johnson is bidding 60p cash for every £1 cumulative preference share.

The bid is already assured of success with Johnson having received irrevocable acceptances representing 60 per cent. of Capital's equity. Capital operates laundries in the South-West and has 41 dry cleaning shops in the area.

This latest offer follows the purchase of Zeray, the Yorkshire based dry cleaners, by Johnson at the begining of this year for £440,000.

W. HENSHALL

Petford, the private company representing the interests of Mr. Joseph Murphy, is to proceed with its bid for W. Henshall and Sons, despite an announcement from the other bidder, Bovbourne, that it will not accept Petford's offer.

Bovbourne owns just over 50 per cent of the company as a result of purchases in the last few weeks which it says are now on the register of shares in its own name.

A spokesman for Petford said that he regretted Bovbourne's attitude which was depriving minority shareholders of a higher price for their shares. Petford is offering 30p against Bovbourne's 20p.

DANA TERMS VALUE TURNER MFG. AT £14½M

Dana Corporation, the U.S. automotive components manufacturer last night confirmed that it is bidding 145p a share to gain full control of Turner Manufacturing, the UK commercial gear box company.

The deal values Turner at £14½m and Dana is offering almost £9½m to buy out the remaining 65 per cent. of Turner it does not already own. Directors of the Wolverhampton-based company are recommending shareholders to accept the terms.

Directors and family interests representing a 17.9 per cent stake have already said they will accept the offer, which is conditional upon the bid not being referred to the Monopolies Commission.

Dana has said that it intends to use Turner as a base for its expansion plans in Europe. It recently paid around £3m to buy out an outstanding 66 per cent interest (it already owned 44 per cent) in Floquet-Monet, the Paris-based engine parts manufacturer.

It is thought that Dana intends to raise the finance for this latest deal through loans from UK banks.

Meanwhile Turner revealed yesterday that its first-half pre-tax profits to March 25, 1978, had slipped almost 45 per cent to just over £1m. This reflected the group's problems in Turkey and with the UK tractor industry.

Glossop wants rest of Wettern Bros.

W. and J. Glossop, the public works contractor, is to bid 95p cash per share for the equity of Wettern Brothers it does not already own.

The offer values Wettern, distributor and manufacturer of construction materials, at about £1.6m compared with the market capitalisation of £1.1m on the middle market price of 63p on Wednesday.

Glossop currently owns about 25 per cent of Wettern's equity and intends to make a suitable offer to its 3.25 per cent cumulative preference shareholders.

It considers the proposed acquisition on a logical extension of its involvement in the construction industry and plans to continue Wettern's existing business.

Wettern incurred a pre-tax loss of £90,700 (profit £78,700) for the first half to June 30, 1977, while Glossop reported on Wednesday a pre-tax profit of £830,915 for the year to January 31, 1978, against £733,796.

Aurora chief confident

Aurora Holdings, which is bidding for all the remaining shares of another Sheffield concern, Samuel Osborn, in which it now holds a controlling 50.7 per cent, should achieve a satisfactory result in the current year, Mr. Robert Atkinson, the chairman, said at the annual meeting yesterday.

Mr. Atkinson also told shareholders that there had been a modest, but firm, increase in the value of Aurora's order book to more than £10m.

Referirng to the take-over offer, he said Aurora believed that a full merger with Osborn was in the interests of all shareholders and employees in both companies. They would invest in and develop Osborn as they had Aurora.

Mr. Atkinson said that the businesses of Aurora and Osborn were complementary rather than overlapping and that he foresaw benefits to both companies from the get-together, particularly in several areas which he mentioned.

Aurora's steel stockholding network in the South of England would provide additional outlets for Osborn's production of tool steels. In addition, Aurora was a large manufacturer of ground flat gauge plate, while Osborn had the resources to provide a steady supply of the necessary special steel alloys in rolled form.

Another point was that, in view of the different countries overseas in which the two concerns owned companies, there were opportunities for increasing the geographical distribution of the products of both.

Noting that both Aurora and Osborn were active in the production of alloy steel and special steel forgings for the nuclear, aircraft and other specialised industries, Mr. Atkinson said the companies had different specialist equipment which, combined, would enable a more comprehensive service to be provided to customers.

CARLTON/HAWKER

Carlton Industries has concluded the agreement by which it will acquire Hawker Siddeley's lead acid battery subsidiary Crompton Parkinson. This now, clears the way for Hawker to go ahead with its proposal to take a 31.9 per cent stake in Carlton, which already has substantial are finalised.

HARDY EXTENDS

The cash offer by Hardy and Co. for all the preference shares of its Irish subsidiary, Millar and Beatty, has been extended to June 8. Hardy, including the shares it already owned, now has 41.6 per cent of the preference.

CHARLES HURST

Charles Hurst, the Irish car and commercial vehicles repair group, appears to be on the point of announcing a bid for McNeill Brothers. The Irish group said last night that negotiations were at an advanced stage and terms would be anounced as soon as they finalised.

Costain sees improvement

WHILE IT may not be possible for Richard Costain to maintain the rate of growth of recent years, Mr. J. P. Sowden, the chairman, expects turnover and profits to improve in 1978.

The company has entered 1978 with a record level of work on hand, and in March outstanding orders exceeded £700m., with some three quarters related to international operations.

The group has also begun the year in a highly liquid state, with cash at bankers, monies on deposit and in hand up from £36.68m to £58.68m, and making up almost half of total current assets of £131.55m (£98.97m). Current liabilities were £94.5m (£69.36m).

Of group operations in Australia Mr Sowden expects that 1978 will not be an easy year, but with the increasing spread of activities further profit growth is expected.

In Canada, a significant increase in housing revenues and a further upward trend in earnings is expected, as the company is now active in more locations than before.

Although the Middle East construction market has become less buoyant in the past year and competition has increased, Costain's high reputation should ensure a reasonable share of the available work.

The current work load in Nigeria is adequate, but indications are that the availability of new work will become more restricted.

In the UK, contracting operations have already obtained more than 80 per cent of the projected work load for the year at not unsatisfactory prices. The market, however, shows no real sign of improvement.

The civil engineering company has secured a number of new contracts, primarily in the marine works sector.

On the mining side, the group is continuing to search for suitable extensions of operations outside the UK and Australia.

Of the newly acquired Kwikform scaffolding group, Mr. Sowden says sales on 1977 in the UK were severely depressed and export sales and profits deteriorated and are not expected to recover until 1979.

Kwikform's Dutch subsidiary has plans to expand activities into Germany and Belgium.

As reported on May 10, group pre-tax profit jumped from £23.31m to £36.21m for 1977, on turnover of £432m (£358m).

Costain proposes new articles of Association and amendments to the Memorandum of Association. Among the changes, the Board wants to be able to withdraw the voting rights of shareholders who fail to comply with requests to disclose their benefial owners.

The Board also wants the power to remove directors without a resolution of the company in general meeting. Shareholders will vote on the proposals at the AGM on June 19th.

U.S. boost for Phoenix

A SLIGHTLY higher pre-tax profit up £0.1m. to £7m, is reported by Phoenix Assurance for the first quarter of 1978, despite a worsening in the underwriting position. Underwriting losses over the period amounted to £2.9m, compared with £1.9m, in 1977.

The situation in the U.S. showed considerable improvement with the operating ratio down to 96.5 per cent as against 101.5 per cent for the first quarter last year, but this was more than offset by increased losses in the UK trading resulting from a series of heavy fire claims and losses from the winter storms, the latter costing about £0.5m.

Investment income rose by £1.1m to £9.8m and the contribution to profits from long-term business remains at £0.4m. Expenses accounted for £0.3m, the same as in the corresponding period last year.

The tax charge is slightly lower at £2.3m compared with £2.7m and minorities take £0.7m (£0.4m). This leaves net profit marginally higher at £4.0m (£3.8m.) with earnings per share 6.7p against 6.4p for the same period last year.

Net premiums written in fire, accident, marine and aviation amounted to £86.7m against £87.4m last year. But the directors point out that this figure is again affected by currency fluctuations and by the non-consolidation of a former subsidiary. If adjustment is made for these items, premium income showed a real growth of 6 per cent. Similarly, investment income, which shows a 13 per cent increase, has a real growth of approximately 24 per cent.

● comment

The first-quarter results of Phoenix repeat the pattern seen with the other composites—a much better performance in the U.S. more than offset by poor results in the UK. The U.S. contribution through the Continental pool is very good on all sectors despite the severe weather this winter, but the UK results have been hit by adverse weather, which cost the group £1m, and its industrial fire account experienced severe fire claims during the tail-end of the firemen's strike. The market is looking for a substantial improvement in pre-tax profits to about £45m this year compared with £35.9m last year, most of the increase coming from the U.S. The price shed 2p to 254p on the news, giving a gross yield of 6.2 per cent. lower than for Commercial Union or Royal.

MINING NEWS

Rossing output halted by plant fire

BY PAUL CHEESERIGHT

THE DRIVE to bring the Rossing Uranium mine in Namibia (South West Africa) to full production sometime next year has been checked by severe damage to a solvent extraction plant.

Rio Tinto-Zinc, the major shareholder, will soon approach customers, including British Nuclear Fuels, to discuss further re-scheduling of deliveries.

A statement from RTZ, issued yesterday, said that the mine's planned production this year "could be reduced by as much as 20 per cent."

But this will not cause much difficulty at BNF, the buying agent for the UK power generating industry. A spokesman said that stocks were adequate. Supplies of uranium oxide are also bought from Canada and South Africa.

Rossing has a contract to supply about 7,500 tonnes of uranium oxide to BNF over a period of five or six years.

The plant was damaged by a fire when kerosene from a fractured pipe spilled on to an electric motor.

The immediate effect has been to stop mine production, but RTZ expects it to resume at a reduced level after two or three days. However, the plant will take six months to replace and production will have to be held back during that period

Output this year was expected to be 4,000 tonnes as planned modifications at the plant came into effect, with the capacity production of 5,000 tonnes a year being reached sometime next year.

At this stage it is not possible to say whether the 1979 target will be met. The solvent extraction plant was not being modified to meet the technical difficulties which have already retarded the mine's development.

It was originally hoped to bring output up to 5,000 tonnes a year by the end of 1976. The failure to achieve this caused the re-scheduling of deliveries. The shareholders made a heavy further investment to solve problems caused by abrasive ore.

The fire, which broke out on Wednesday night, puts a brake on the mine's development just as it seemed that the technical difficulties had been resolved. Certainly the possibilities of the mine making a small profit this year must now seem remote.

RTZ shares yesterday touched a high for the year of 229p, but as the news from Rossing began to circulate the price slipped to close at 218p.

ROUND-UP

First quarter net income at Patino, the Dutch metals group, slipped to $1.8m (£992,530) because of currency exchange adjustments against $2.3m, in the 1977 first quarter, but Mr. P. J. Keenan, the president, told the annual meeting that there was optimism about an improvement over the rest of the year.

* * *

Mr. J. N. Savory, the chairman of Idris Hydraulic, the London company with Malaysian tin interests, has warned shareholders of a sharp decline in the results expected this year because lower grade and deeper tin will be mined. Last year there were net profits of £151,321 and total dividends of 12p.

* * *

Deelkraal Gold, the developing mine in the Gold Fields group, has received acceptances for 98.7 per cent of the shares offered in the rights issue to raise R47.3m (£30.2m).

Zaire: higher diamond output

ZAIRE'S diamond production has been unaffected by the current emergency in Shaba province. The withdrawal of De Beers personnel from a buying office in Tshikapa, western Kasai, was a precautionary measure taken on military advice.

The amount of stones leaving the country's mines for the De Beers Central Selling Organisation was in fact greater over the last four weeks than in the previous four weeks.

The diamond producing areas of Kasai are north of Shaba, where fighting has been taking place. Licensed diggers operate around Tshikapa, and in the north east of the province around Mbuji-Mayi mines are run by the state-owned Societe Miniere de Bakwanga (MIBA).

Sibeka, the Belgian group, last Monday signed an agreement which gives it back a 20 per cent stake in MIBA. Its earlier interest in MIBA was lost in 1973. Sibeka will be providing expertise for new MIBA investments, including the construction of a washery for kimberlite.

This new backing for MIBA and the maintenance of existing production is good news for De Beers, which markets the Zairean output. Most of the stones from the region are for industrial use and come in such quantity that Zaire is the world's largest diamond producer.

Current demand for industrial diamonds is very strong and although there are some stocks available, any disruption to Zairean output could result in shortages.

Meanwhile Angolan production is continuing to climb. This month output could reach 100,000 carats, which compares with a low of 20,000 carats at the beginning of 1977 when the effects of the civil war were most marked.

An output approaching 500,000 carats is predicted for the whole of this year, but this is only about a quarter of annual production before the civil war. However, the target for 1979 is 1.5m carats.

The breakeven point for the national industry involves a monthly output of 63,000-64,000 carats and while the levels currently achieved indicate some return to normality, there are still grave problems.

Much capital equipment has deteriorated in condition and needs to be replaced. There is also a shortage of expatriate employees needed to fill important engineering posts.

Tronoh expects lower profits

GROUP PROFITS at Tronoh Mines Malaysia will be reduced this year because of a lower average tin price and lower earnings at Ayer Hitam, in which the group has a substantial interest, Mr. Junus Sudin, the chairman, stated yesterday.

Net earnings for the group in 1977 were M$8.8m (£2.02m) and total dividends of 52.8 cents (12.1p) were paid.

The group's own mining operations are expected to maintain their 1977 profit levels.

But clearly the group is approaching the future with some caution. Mr. Sudin referred to the need to obtain new mining ground.

Behind this statement lies the failure to gain mining title to land purchased at Ayer Kuning which has sufficient reserves for ten years and difficulties over foreign participation which has retarded ventures on properties at Tapah Road and in South Selangor. An offshore property in Thailand is being sold because joint venture partners have withdrawn.

Mr. Sudin was critical of the Malaysian Government because of the increase in the tin profits tax from 5 to 15 per cent.

"The industry desperately needs some form of fiscal incentives to generate new investments," he said.

Despite all these reservations the share price in London yesterday reached a 1978 high of 220p, gaining 8p on the day. But this is thought to owe more to the recent strength of the metal price than the group's immediate prospects.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

J. P. Stevens declines in first half

NEW YORK, May 25.

NET income of J. P. Stevens, the nation's second largest publicly-held textile concern, for the second quarter ended April 29 fell from $9.38m or 76 cents a share to $8.83m or 73 cents a share. Sales were up from $393.7m to $412.8m.

These result scut first half net income from $17.06m or $1.39 to $15.97m or $1.36 per share. Sales for the six months period moved ahead from $726.1m to $763.1m.

The company still engaged in a long-running and increasingly bitter struggle against attempts by the Amalgamated Clothing and Textile Workers' Union to organise a majority of its 44,000 workers in 84 plants, mostly in the south of the country. This battle resulted last autumn in a union-sponsored boycott of Stevens' products, aimed at increasing the pressure on it by damaging its financial performance.
Agencies

Esselte extends deadline on new bid for Dymo

BY DAVID LASCELLES NEW YORK, May 25.

ESSELTE, the Swedish concern which is seeking to buy control of Dymo Industries, today extended the deadline of its tender offer by one day to tomorrow morning to give shareholders time to sort out the fast-moving developments of the past 24 hours.

Yesterday began with an announcement by Dymo—which had earlier rejected an Esselte $24 per share offer as inadequate—that it had found a counter bidder prepared to come to the rescue with an offer of $30 per share. This was Daylin, a Los Angeles-based manufacturer and retailer of household goods, whose appearance came as a complete surprise.

But within two hours, Esselte came back with a new bid matching Daylin's, with the added attraction of being a firm offer (Daylin's had yet to be filed) and sweetened with a solicitation fee of 40 cents a share payable to brokers and dealers.

As suddenly as it appeared, Daylin then withdrew its offer, raising questions as to how serious it had been in the first place, particularly since, as it transpired, it had only re-emerged some 18 months before from reorganisation under the shelter of the bankruptcy laws.

Whatever the real facts, Esselte had been forced to raise the value of its offer from some $45m to $65m if all shares are tendered. Dymo's net worth at the end of last year was put at some $60m.

Dymo had no comment to make on the turn of events, however, having termed Daylin's $30 offer as acceptable, it must presumably think the same of Esselte's.

Esselte later said that acceptances of its new offer of $30 a share had reached approximately 38.4 per cent of the 1.934m Dymo shares which it believes are outstanding.

Kennecott wins proxy battle

BY OUR OWN CORRESPONDENT NEW YORK, May 25.

THE BOARD of Kennecott Copper Corporation appears to have fended off the proxy challenge by Curtiss-Wright Corporation but it may be some time before it can confidently celebrate a victory.

Kennecott, announcing preliminary results of the shareholders' ballot, said tersely that the indication was that its directors had been re-elected by the annual meeting on May 2, but it did not publish any details of the result. Two hours later Curtiss-Wright claimed that the margin was a relatively modest 53.2 per cent to 46.7 and that "a swing of less than 800,000 votes would have changed the result."

Kennecott countered by accusing Curtiss-Wright of inaccuracy and said that a further "substantial" block of votes had yet to be counted and was not, therefore, included in the inspectors' report. The reasons why remain obscure but it is being suggested that this is a block of proxy votes held by Morgan Guaranty Trust and Curtiss-Wright sources are claiming that the votes were not delivered in time to beat the closing of polls on May 2.

On the preliminary count, Kennecott management won 12.59m votes and the Curtiss-Wright list of directors just over 11m out of the total of 33.1m of shares outstanding. This is a very much narrower margin of victory than might have been expected partly because of the audacity of the Curtiss-Wright programme and partly because Mr. T. Roland Berner, the company's chairman, did not turn in a strongly vote-catching performance at the annual meeting.

During the next 10 days the two companies are free to challenge the validity of proxies counted by the Corporation Trust Company. However, Curtiss-Wright's hopes will now be pinned on an Appeals Court hearing scheduled for June 22 when it will seek to overturn a lower court decision, delivered the day before the annual meeting. This would have prevented it from voting its proxies, but the Appeals Court set the decision aside pending a full hearing just minutes before the annual meeting got under way. Curtiss-Wright is arguing that the lower court judgment damaged its cause at the 11th-hour and that there should be a fresh proxy vote.

Income dips at Esmark

CHICAGO, May 25.

CHEMICALS concern Esmark reports a slight fall in net income for the second quarter ended April 29 from $19.51m or $1.05 per share to $18.87m or $1.01 per share.

The second quarter figures include a net gain of $3.5m arising from operating facilities sold or scheduled for future closing.

In March of this year, Esmark, best known for its Playtex underwear division, acquired STP, which markets automotive chemical products in 130 overseas countries for $117m cash.
Agencies

Strong rise in earnings at Marriott

Net profits of Marriott, the food services corporation, rose 24 per cent. in the third quarter over last year to $11.8m to give 32 cents per share against 26 cents, AP-DJ reports from Washington. Sales for the company rose from $239.6m to $269.5m for the same period. Nine months results now stand at $31.4m, or 86 cents per share, against last year's $24.9m, or 68 cents per share, for net profits, and $858m, against $752.5m, for sales.

Southern slide

Earnings of Southern Company, the Atlanta-based utility, have continued to slide with net profits for the first four months of 1978 amounting to $51.6m or 38 cents a share, against $70.2m or 37 cents a share in the corresponding period last year. Operating revenue increased from $797.6m to $898.2m, Reuter reports from New York.

Wisconsin Electric

Electric utility company Wisconsin Electric Power reports full year net profit ahead by 17 per cent. at $67m to give $3.26 per share against the $2.90 for the previous year. Revenue during the period rose by 15 per cent. to $701m. Agencies report.

Levitz Furniture

LEVITZ FURNITURE Corporation announced net earnings for the first quarter of 67 cents a share against 43 cents previously. Total net earnings increased to $2.8m from $1.8m. Sales of $116.3m compare with $90.6m, reports AP-DJ.

U.S. Steel hints at need for price rise

BY JOHN WYLES NEW YORK, May 25.

AN EXPRESSION of support for the Carter Administration's anti-inflation efforts was made yesterday by Mr. Edgar Speer, chairman of United Steel Corporation. He was, however, non-committal as to whether his company could avoid a further price increase this year.

U.S. Steel and the other large American companies have raised list prices by about 6 per cent so far this year and most are anxious for further price rises to help boost profits and release funds for capital investment. On the one hand the Administration is giving them more pricing freedom through the protection from cheap foreign imports provided by the trigger price system, but on the other the Administration will want to limit steel price increases because of their impact throughout the economy.

Mr. Speer emphasised that steel workers' pay rises due August 1 would raise labour costs 8 per cent above current levels. He ventured to say, hypothetically, that were the inflation rate, currently running at about 7 per cent, to rise to 13½, then U.S. Steel would need to raise its prices by 7 per cent.

Earlier he told a lunchtime audience that the American steel industry needed to invest in new "greenfield" plants if it was to "maintain our current competitive position."

He acknowledged that the industry would have difficulty generating the necessary investment, but said that these new plants should be built at a faster rate than the one every five years which had been the average for the last decade.

Sears tops profit target

BY OUR OWN CORRESPONDENT NEW YORK, May 25.

SEARS ROEBUCK, the largest retailer in the U.S., has achieved significantly better results in its first quarter than the company forecast just 10 days ago.

Then, it looked as though the erosion of profit margins which the company suffered last year was continuing to restrain earnings and that the quarter ended April 30 would not be as profitable as the same period last year. However, today, Sears reported that its net income had been $155.38m or 48 cents a share compared to $153.98m, also 48 cents a share. Some 3m more shares were outstanding during the recent quarter.

The final tally is more than $10m above the preliminary estimate for operating income and sales, noted Mr. Edward R. Telling, chairman and chief executive today. Net sales for the first quarter rose 12.9 per cent to $4.072bn as against last year's $3.6bn.

Last year saw a progressive weakening of Sears' profit performance, culminating in the fourth quarter when net income dropped from $312.7m to $251.8m despite an increase of 12 per cent. in sales.

Higher sales reflected the group's push into sales areas dominated by the discount groups which have achieved growing success in the past few years.

EUROBONDS

Mexico to launch $60m issue

By Francis Ghilès

THE BOND market was less active yesterday than on Wednesday. Prices fell again in the morning, but recovered later on in the day. The floating rate note sector was more stable, and the FRN for Banque Worms was increased by $5m with indicated terms otherwise unchanged.

A $60m bond for Mexico's Commission Federal de Electricidad is expected to be launched this weekend. Final timing for the launch has yet to be confirmed. This bond is part of a much larger fund-raising operation, which includes a loan of at least $400m, the terms of which are the finest ever for a Mexican borrower; a maturity of seven years and a spread of 1 per cent throughout.

Sanwa Bank is to issue a $20m three-year Certificate of Deposit in the Asian dollar market. The interest rate will be 0.25 per cent above the six-month Singapore Interbank rate. The issue will be managed by Barings Sanwa Limited.

The $75m Yankee bond for Nova Scotia will carry a coupon of 9⅛ per cent and has been priced at 99 by lead manager Merill Lynch.

The Asian Development Bank is expected to float a Y15bn 15-year issue in the Japanese market next week, Reuter reports from Tokyo. The governments of New Zealand and Denmark are planning to raise bonds amounting to Y50bn and Y40bn respectively next August.

The Japanese Ministry of Finance has meanwhile approved DM 920m and SwFr 395m worth of new bonds to be raised by Japanese companies between next July and September. Only one dollar-denominated issue is planned over this period, a $30m issue for Tokyo Sanyo Company.

Mercantile Bank of Canada gain

By Our Own Correspondent

MONTREAL, May 25.

MERCANTILE BANK of Canada, controlled by Citicorp of the U.S., earned C$4.4m (US$3.9m) or 54 cents a share in the second quarter against C$3m or 37 cents year earlier, on revenues of C$45.2m (US$40.5m) against C$40.7m previously.

First-half earnings were C$8.4m or C$1.05 a share against C$6.7m or 84 cents of revenues of C$89.3m (C$84.3m). Assets at March 31 were C$2.17bn against C$1.86bn. The bank attributed the gains to favourable interest rate conditions and higher loan volumes. It does its business mainly with corporations.

Good year for BAT unit

BY ROBERT GIBBENS MONTREAL, May 25.

IMASCO, the tobacco products food and retailing group controlled by BAT Industries of the U.K., earned C$10.7m (US$9.6m) or C$1.10 a share in the fourth quarter ended March 31, against C$9m or 93 cents a year earlier on sales of C$243m (US$217m) against C$258m.

For the full year earnings were C$43m or C$4.42 a share, against C$34.9m or C$3.58, on volume of C$1.04bn against C$1.03bn. Earnings for year exclude a C$2.3m loss on the sale of S and W Fine Foods and Pinata Foods of the U.S.

Sales were ahead only marginally because of the disposal of these companies and also two others in Canada. Tobacco products accounted for C$655m of total sales in fiscal 1978 against C$605m in 1977, food C$220m (C$247m) and retailing C$199m (C$206m).

Overseas boost for SNC

BY OUR OWN CORRESPONDENT MONTREAL, May 25.

THE SNC group, second largest engineering and project management group in Canada, had sales of C$21.4m (U.S.$19.2m) in the first quarter, up 19 per cent ings were C$868,000 (U.S.$shr from a year earlier. Net earnings were C$868,000 (U.S.$778,000) or 29 cents a share, against S$699,000 or 24 cents. The company is owned by its own professional employees.

SNC said a large share of revenues continued to come from abroad, and overseas projects started previously are beginning to show up in group results. A Saudi Arabian electrification programme is going well and an African telecommunications contract has great potential.

Restaurants lift Steinberg's

By Our Own Correspondent

MONTREAL, May 25.

STEINBERG's, the major eastern Canada supermarket, restaurant and real estate development group, earned C$14.3m (US$12.8m) or C$2.03 a share in the 36 weeks ended April 8, against C$13.8m or C$1.95 year earlier, on sales of C$1.3bn (US$1.1bn) against C$1.2bn.

Earnings from restaurant and real estate operations were higher, but discount department stores, food outlets, bakery and food processing operations were lower.

Hydro-Quebec to boost U.S. sales

MONTREAL, May 25.

USING A nearly completed high-voltage connection with the north-east electrical grid, Hydro-Quebec expects to sell U.S. utilities between C$ 200m and C$ 250m of electricity in 1979.

Such sales would be a sharp increase from the C$ 8.3m of electricity sold last year and would provide Hydro-Quebec with a major source of external revenue for capital spending programmes estimated at C$ 2.7bn this year and about C$ 3bn annually in 1979 through 1981.
AP-DJ

INTL. FINANCIAL AND COMPANY NEWS

Hitachi above forecast

By Yoko Shibata

TOKYO, May 25.

DISPROVING EARLIER forecasts of a profits setback, Japanese electrical giant Hitachi has emerged from the past year with a slight rise in non-consolidated profits, despite the yen's rapid appreciation.

Current profits rose by 2.2 per cent to Y65.4bn, while net profits showed a 3.6 per cent improvement to Y31.4bn ($138m).

As a result of active public investment, undertaken as a part of the Government's economic reflationary measures, Hitachi's new orders centred on high profit items such as communications equipment. Orders for rolling stock and electric equipment for power companies also started to pick up in the second half. Total new orders were a record Y1.57 trillion (million million), up 15 per cent over the previous year. Sales rose by 7 per cent to Y1.39 trillion.

Electric utility apparatus and equipment accounted for 27 per cent of total sales (up 7 per cent). Other items included consumer products, at 24 per cent (up 4 per cent), communications and electronics equipments 22 per cent (up 9 per cent), industrial machinery 13 per cent (down 10 per cent) and rolling stock 14 per cent (up 10 per cent).

Exports fared well, gaining 20 per cent, and accounted for 23 per cent of the total sales.

The gains in new orders improved the operating level in relation to capacity from 88 per cent in the first half to 90 per cent in the second half of the year. As a result, fixed costs such as wages, interest payment and depreciation were reduced. These positive factors absorbed Y5.5bn of exchange losses generated by the sharp appreciation of the yen.

For the current fiscal year, ending March 1979, the company expects a boost of new orders and hopes to maintain a 90 per cent capacity operation rate as a result of public works spending and a reduction in interest rates. These favourable factors are expected to cover an estimated exchange loss of Y10bn. As a result, Hitachi estimates that current profits will reach Y68bn (up 5 per cent) and net profits Y33bn (up 10 per cent).

JAPANESE TEXTILE RESULTS

Toray and Asahi top expectations

BY DOUGLAS RAMSEY

TOKYO, May 25.

JAPAN'S TOP textile company Toray has confounded analysts by turning in a much-better than expected performance for fiscal year to March 31, while its close competitor, Teijin, did broadly as badly as most observers were predicting. Meanwhile, Asahi Chemical—which derives nearly 50 per cent of its business from textiles—has reported a creditable $20.5m net profit for the year to March, which, even in yen terms, represents a substantial 8.6 per cent rise in earnings.

Most of Asahi Chemical's profits are ascribed to non-textile business, notably the chemicals and plastics which represent only an infinitesimal share of business at the synthetic textile industry's two giants, Toray and Teijin.

Although earnings at the three companies varied tremendously during fiscal 1977, similarities can be traced on three counts:

● Sales: Slack demand cut sales at all three companies in the last 12 months. Toray's sales fell 2.7 per cent to Y407bn ($1.63bn). Teijin's sales dropped by a lesser 1 per cent to Y346bn ($1.38bn) and Asahi Chemical's sales of all products were cut by 6.8 per cent to Y441bn ($1.77bn).

● Exports: Overseas sales by parent companies fell sharply in 1977, thus reducing the percentage of exports in sales at the top companies. At Toray, exports fell from 33 per cent a year ago to 30 per cent; the share in Teijin's sales dropped from 32 per cent to 27.3 per cent; and at Asahi Chemical, which depends less on exports, their share declined from 19 per cent to 18 per cent.

● Prices: All three companies did better in the second half of fiscal 1977 (October to March) than during the first half, and the improvement is generally put down to higher prices for polyester, nylon and acrylic fibre as well as the sharp decline in raw material prices.

The Tokyo-based Toray's results show a marked improvement during the second half of the fiscal year. Sales remained at roughly the same level as for the April-September half (to total $1.85bn. for the year). But "ordinary income' swung from a first-half loss of $5.7m. to a second-half profit of $1.5m. The company says most of the improvement resulted from a recovery in the prices of several main textile lines such as polyester and nylon.

As a result, the company's ordinary income (before special items and tax) showed a loss for the year of $4.2m.—or about $10m less than the deficit predicted by many dealers last January. Nevertheless, Toray executives are not boasting too much about the turnround because the final 1977 sums are still an embarrassment set against the company's ordinary income in fiscal 1976 of $26.9m.

After special items (buoyed by stock and real estate sales as well as inventory adjustment), Toray managed to report a net profit of $4.3m for the year ended March and will top up its Y2 mid-term dividend with an additional Y2.5. The year's Y4.5 dividend is only slightly less than the Y5 maintained last year, but Toray has made no promises about future dividends. On the basis of recent business, however, Toray reckons on a substantial improvement during the current April-September half, despite continued hard times in exporting.

Teijin, the largest manufacturer of polyester in Japan, failed to take full advantage of the recovery in prices during the second half when it ran heavily in the red. As a result, ordinary income for the fiscal year worsened to $18m (about 62 per cent carried over from the first half). The decline in income reflects a 1 per cent decline in sales in yen terms to $1.6bn. The Osaka-based company, however, salvaged its dividend (maintained at Y5 per share) by reporting a modest $1.8m profit after tax. A Teijin official said today that the dividend will be suspended in the current business term, although a Y4 dividend will be then paid in one instalment for fiscal 1978 to next March.

In a very different league from either Teijin or Toray is Asahi Chemical, the only Japanese textile company which is running strongly in the black on both ordinary and net earnings. Sales in the fiscal year amounted to Y441.3bn—a 6.8 per cent decline. Nevertheless, Asahi managed to earn about $33.5m in ordinary income for the year to March (a slight increase on 1976 in dollar terms but a 16 per cent drop in yen terms). In turn, the company has reported net income for the period of about $22.2m and announced a dividend of Y10.

Although not strictly a textile company, Asahi is Japan's largest acrylic fibre maker and has been helped in the market by lower raw material costs.

RESULTS FOR YEAR TO MARCH 31

	Sales Ybn	Change on year %	Ordinary income Ybn	Change on year %	Net income Ybn	Change on year %
Toray	407.4	−2.7	−0.924	*	0.946	−76.9
Teijin	346.1	−1.0	−3.9	†	0.404	−84.4
Asahi Chemical	441.3	−6.8	7.4	−15.4	4.89	+ 8.7

* The loss in 1977-78 compares with a profit of Y 5.9bn in 1976-77.
† The 1977-78 loss compares with aprofit of Y 3.6bn in 1976-77.

Mitsubishi Electric near profits target

TOKYO, May 25.

NET PROFIT of Mitsubishi Electric Corporation for the year ending March 31 rose 14.1 per cent., from Y8.55bn to Y9.76bn ($39.2m). Sales also rose to Y792.18bn ($3.18bn), up 13.8 per cent from Y696.29bn a year earlier. According to Mitsubishi, both sales and net profit figures reached their targets.

Exports were less than early projections by about Y11bn due to the steep rise of the value of the yen against the dollar in the fiscal year.

Mitsubishi Electric said a colour television set export decline in the year, estimated at about 10 per cent on a year ago in terms of value, was mainly due to the U.S.-Japan colour television export agreement last year. "It certainly depressed the company's exports of home electric products," the companyy said.

Exports as a whole totalled Y109.2bn, up 10.6 per cent from Y98.7bn in the previous fiscal year. An early forecast for exports in the fiscal year was Y120bn.

New orders received from overseas in the fiscal year totalled Y160.8bn, down 7.3 per cent from Y173.4bn while overall new orders in the year totalled Y839.3bn, up 9.2 per cent from Y768.4bn a year earlier.
AP-DJ

P & O unit loss in Malaysia

By Wong Sulong

KUALA LUMPUR, May 25.

Bovis Southeast Asia Berhad, the Malaysian-incorporated southeast Asian engineering, construction and property group and a subsidiary of P & O Steam Navigation, has turned in a preliminary loss of Rgts 8.3m ($3.4m) for 1977.

Total losses for the past five years now amount to Rgts 46.3m. Last year's shortfall included financial charges of Rgts 4.2m, as well as a foreign exchange loss of Rgts 1.9m arising from the weakened U.S. dollar.

At the operating level, the group suffered a loss of 6.8m (8.2m in 1976), due mainly to poor prices for its stone quarry products. However, the group's construction business in Malaysia is proceeding satisfactory.

Bank Leumi record issue

BY L. DANIEL

TEL AVIV, May 25.

ISRAEL'S LARGEST bank, is planning to raise some I£900m (around $52m) of capital in a record issue for the Tel Aviv Stock Exchange, and Bank Hapoalim, the second largest, proposes to raise I£600m.

Just over I£500m of the Bank Leumi capital is being raised by way of a rights issue to holders of the bank's shares, capital notes, options, an convertible capital notes. There is also a public offering, and an offer to employees.

The rights issue is of 5.9m Series A units—each comprising 30 I£1 shares and I£10 nominal value capital notes (options) 1983, of series 4—or I£85 (the shares being priced at 250 per cent amid the options at par).

The Series B units being offered to the public comprise I£300 nominal of 18 per cent, 1982-1991, Series 4 capital notes and I£30 nominal capital notes (options), 1983 (Series 4), at a price of I£300 per unit.

Each I£2 nominal of the capital notes (options) 1983 (Series 4) is convertible into one I£1 share of the bank, subject to adjustment, for an additional cash payment of I£1.90 on conversion. The conversion rate of the 18 per cent capital notes (1982-1991) series will be 380 per cent (subject to adjustments).

Bank Hapoalim plans to issue 50m ordinary shares of a nominal value of I£1 each, I£60m nominal of options and I£300m nominal of convertible capital notes, together with as a limited amount to employees.

At the same time, more Israeli industrial companies are now floating new issues. The latest include Haifa Chemicals, the producer of fertiliser, which plans to issue I£15m nominal of ordinary registered shares in units of I£100, as well as £150m nominal of 20 per cent convertible debentures 1981-85, which may be converted into I£100m nominal of options, convertible into ordinary registered shares between 1978 and 1981. The shares, debentures and options are to be offered to the public in a package comprising I£300 nominal of shares, I£1,000 nominal of debentures and I£200 of options, at a price of I£1,830, which multiplied by 50,000 units will raise I£91.5m.

With a small issue also to be made to the company's employees, the total new capital involved is I£96m.

Metro extends Cape outlets

By Richard Rolfe

JOHANNESBURG, May 25.

FAST GROWING wholesale group Metro Cash and Carry, which has made a big impact on South African shopping habits in its six years of existence, has acquired three old-established Cape wholesalers and is poised to carry its techniques into a region where it has so far been under-represented. Metro said today it had acquired the entire issued share capitals of Fig Brothers, Glen Management, and Wynberg Produce for R6.2m ($7.1m) in cash.

Nine new outlets will be added to the Metro chain, where sales now total R240m a year, and the group will become the dominant food distributor in the western Cape. About R80m in annual turnover will be added, and with growth in the basic Metro group expected to lift its turnover to about R300m in the year to February 1979, the total for the period should be near R380m. After profits of R7.6m pre-tax last year, a target of R12m ($13.8m) is likely once the acquisitions have been digested.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

European banks look to Asia

By Our Financial Staff

THE LEADING regional bank in West Germany, Westdeutsche Landesbank, is the latest addition to the European drive for a share of the banking market in Hong Kong.

The bank which has assets of DM 83bn ($40bn) has applied for a licence to open a branch in the Colony. It was announced late last week that the French bank, Paribas, was also seeking a licence, and since then it has become clear that a UK clearing bank has a similar request before the Hong Kong authorities.

The Hong Kong Government has apparently approved applications for nine foreign banks to operate full banking branches in the Colony. Approval means that foreign banks are allowed to open one branch each to undertake business including checking accounts and taking deposits.

According to Westdeutsche Landesbank, other German banks are expected to establish operations in the area. Westdeutsche Landesbank recently increased its holding in its Hong Kong subsidiary to 100 per cent by acquiring a 45.5 per cent interest from Hutchison Financial Corporation, a subsidiary of Hutchison Whampoa. The bank is expected to inject additional capital into its Hong Kong operation to develop the latter's loan syndication, wholesale banking and bond placing businesses.

The list of nine approvals for a banking licence in the Colony are understood to include a number of American banks, namely Manufacturers Hanover, Chemical Bank of New York and Morgan Guaranty.

FRENCH COMPANY NEWS

Suez Finance sees stable outlook

BY DAVID WHITE

PARIS, May 25.

GENERALLY stable prospects for the Suez Finance group's banking, property and industrial interests this year were outlined by M. Michel Caplain, chairman of Compagnie Financiere de Suez, the holding company, at the group's annual meeting.

Provisional figures showed an increase in the group's consolidated net profit in 1977 to FFr 400m ($85.6m) from FFr 381m. This was equivalent to FFr 45 per share as against FFr 43.15. The holding company earlier announced a small increase in its own profits to FFr 171.4m from FFr 169.5m and proposed an unchanged dividend of FFr 17 net, being paid on 10 per cent higher capital.

M. Caplain said financial revenues this year were likely to increase with higher dividends from the main subsidaries on the basis of their 1977 results. The group's banking operations, the biggest of which is Banque de L'Indochine et de Suez, where profit dropped slightly last year, looked like producing similar results.

Prospects in industrial offshoots were mixed, while in property "the provisions that have been made should, barring the unexpected, keep the company safe from unpleasant surprises."

M. Caplain did not hold out much hope for an early lifting of the Government's strict credit curbs, although the present situation could not go on.

Other methods of control than the present limits on credit growth—such as credit-capital ratios—were being studied, "but none of these procedures has been perfected and therefore I fear that credit restrictions will continue for some time yet."

Shareholders voted to give the company authorisation to issue bonds worth up to FFr 400m, either on the local or foreign markets. The company does not, however, expect to use this authorisation in the immediate future.

As for the Paris bond market itself, new issue activity continues apace following the placing success earlier this week of the Frs 3bn state loan.

The latest first category paper to be offered comes from the Caisse des Banques Populaires which is issuing Frs 250m over 12 years on a coupon of 10.8 per cent. The government bond which was snapped up quickly by the market on Monday—its first official day of issue—was for 15 years carrying a coupon of 10 per cent.

Other new bond offerings due next week include loans from several regional departments.

Boussac obtains short-term debt respite

BY DAVID CURRY

PARIS, May 25.

BOUSSAC, the troubled French family textile group which has just gained a three month respite from its creditors, today told some 1,300 workers at two factories in the Vosges region that they will be temporarily laid off from the end of this week.

Cotton suppliers, still awaiting payment for previous orders, have stopped deliveries leaving the factories without enough material.

During the temporary relief period just granted by the Paris commercial tribunal, Boussac's affairs will be under the direction of a manager appointed by the court. His task will be to try and keep production and to work out sime sort of recovery programme.

Twenty-one group companies, including the main holding company the Comptoir de l'Industrie Textile de France, were granted their application for the three-month suspension of all proceedings against them. The advantage of employing this procedure is that the group's plants will now be assured of supplies of raw materials—which suppliers were holding back in the light of the uncertainty over their prospects of payment — and orders will be placed with less hesitation.

It also diffuses for the time being the unrest in the workforce which, caught in the bitter triangular conflict between the group's 89 year old founder M. Marcel Boussac, his "managing director for life" nephew M. Jean-Claude Boussac, and the government which was insisting on a change in management, did not know where it stood or how long its jobs would last.

Maître Jacques Pesson, the court-appointed administrator, must now put together a new rescue plan which will meet the dual criteria of winning support from M. Marcel Boussac himself, who will be called upon to inject more of his personal fortune into the group, and the government which is prepared to help financially only on condition that a professional management is installed.

The position of M. Jean-Claude Boussac, now disowned by his uncle and persona non grata to the government, remains unclear. While for the moment be retains his title and will no doubt be consulted by Me Pesson, his effective career as managing director seems to be at an end.

The new plan will eventually be presented to the court, which may accept it and probably lay down a schedule of debt repayments or which may decide that, after all, the group should go into formal bankruptc to enable the pieces to be picked up from scratch.

Buderus expects sales rise

By Adrian Dicks

BONN, May 25.

BUDERUS, the West German foundries, engineering and metal-fabricating company controlled by the Flick Group, is looking for a "definite improvement" in sales to the mechanical engineering industry during the first half of 1978. But the board also warns in the course of an interim report on the current year that in spite of an anticipated rise in sales, there are likely to be few positive effects on the employment situation.

The motor industry, according to the Buderus board, is likely to show less strength in the second half of 1978 than in the past two-and-a-half years of boom conditions, while it describes another important customer, the building sector, as remaining heavily dependent on the effects of public policies.

Last year, Buderus, which also functions as an industrial holding company for other subsidiaries of the Flick group, showed a slight increase in its sales to DM 1.15bn from DM 1.11bn. A dividend of DM 6 per DM 50 shares is to be paid to minority shareholders, while DM 12.6m will be transferred to the majority holder.

Among individual components of the Buderus group, the most spectacular increase in activity appears to be that of Krauss-Maffei, the Bavaria-based armaments, and locomotive manufacturer, which was able virtually to double its turnover from DM 507m to DM 1bn, thanks to the achievement of full production of the Leopard tank for export and of the Gepard anti-aircraft armoured launcher.

Union Miniere to continue to pay modest dividends

BY DAVID BUCHAN

BRUSSELS, May 25.

UNION MINIERE, which used to own the Kolwezi copper mines until the Zaire government took them over, today pledged full support to help restore damage caused by the recent uprising in Zaire's Shaba province.

Speaking at the annual meeting to-day, chairman Paul-Emile Corbiau also warned that shareholders could for the time being expect the continuation of "modest" dividend payments. In 1977 the company was forced to cut its dividend for the third successive year following a drop in profits to BFr 601m from BFr 819.7m.

Union Miniere, which was eventually paid BFr 4bn in compensation for its Zaire copper mines, no longer has any direct interests in Zaire copper, which is totally run by Gecamines, the Zairean state corporation. But most Belgians employed by Gecamines are former Union Miniere people.

Mr. Corbiau would not be drawn on the extent of the damage in Shaba. Since the takeover of its Shaba copper mines in the 1960s, Union Miniere has diversified out of mining (except in North and South America) into financial holdings in non-ferrous refining, engineering and steel.

Mr. Corbiau commented that though last year's result was disappointing, it was still "reasonably satisfactory" given the general recession in the non ferrous metals sector. The warning on future dividend payments was accompanied by specific reference to Kolwezi. Mr. Corbiau said that Hoboken, the biggest Belgian copper refiner which gets most of its copper from Shaba province, would obviously suffer in the short term. Union Miniere holds 45 per cent of Hoboken.

It was also announced yesterday that a company in the Societe Generale de Belgique group, Sibeka, had been given back 20 per cent of its former Zairean diamond holding, Societe Miniere de Bakwanga, which was taken over by the Mobutu regime in 1973. It is now reckoned that some 75 to 80 per cent of Belgian business that was taken over by the Zairean Government has since 1976 been returned to its former owners, though frequently with the stipulation that within five years 40 per cent must be sold off to Zairean interests again.

Union Miniere last year saw its operating profits shrink, its income from older holdings drop, and in particular a C$2m operating loss on its Thierry copper mine in Canada. Mr. Corbiau also commented that financial receipts had decreased, "the volume of short term bank investments being less, when on average, their interest rates have remained practically unchanged."

Cuts in prospecting and research spending to half previous levels did not compensate.

Swiss Re sees profit decline

By John Wicks

ZURICH, May 25.

PROFITS of Swiss Reinsurance of Zurich for the current financial year to June 30 will probably not reach the 1976-77 level.

Last year, the parent company earned net profits of SwFr 76m, with SwFr 107m ($54m) recorded at group level.

The appreciation of the Swiss franc against most other currencies in 1977-78 has had marked effects both on underwriting results and in the investment sector. However, earnings from life reinsurance business and financial investments should be around the same level as the previous financial year, the company said in a shareholders letter.

In the field of casualty and non-life reinsurance, premium income has shown a substantial rise in terms of local currencies in various markets during 1977-78.

Loss at Renault trucks

BY OUR FINANCIAL STAFF

A DRAMATIC swing into losses of FFr 250m, or some $54m, was announced yesterday by the commercial vehicle division of the Renault motor group.

Having moved back into profits with FFr 125.5m at the net level in 1976, Berliet, one half of the Renault truck operations, is now firmly back in the red with a loss of FFr 73.5m.

At the same time, Berliet's stable companion, Saviem, has even more distressing news to report. Its 1977 loss has emerged at FFr 176.8m compared to a profit in 1976 of FFr 380,000.

Berliet, which was taken over by Renault at the time of the break up of Citroen in 1976 (Citroen's car operations were merged with Peugeot) reported sharply lower first half 1977 profits. At the time the company described its performance as an illustration of the continuing crisis in the commercial vehicle sector in France.

The latest loss means that Berliet has lost money after tax in four out of the past six years. Along with Saviem it will not pay a dividend for 1977.

Meanwhile, sales of Poclain so far this year have moved 20 per cent above the same period a year ago despite a weak market, Reuter reports from Paris. M. Pierre Bataille, chairman, said that this indicates moves towards a recovery.

He told journalists that the company can look to the future with a certain optimism, mostly resulting from its association with the Tenneco subsidiary J. I. Case and wider diversification of products.

Poclain's provisional net loss for 1977 was FFr 179.7m, against a net loss of FFr 51.4m in 1976.

Interest costs hit Norol

BY FAY GJESTER

OSLO, May 25.

NOROL, Norway's state-dominated petroleum refining and marketing company, made a loss of Kr 72m ($13m) last year on turnover totalling Kr 2.9bn, largely reflecting heavy interest payments (Kr 54m) and allocations to cover losses on foreign loans due to currency fluctuation (Kr 17m). Norol made a loss of Kr 78m in 1976.

The company's operations last year, before depreciation and financial items, actually showed a profit of Kr 75m—Kr 40m more than in 1976. Sales of finished products increased by 4.5 per cent and reached 2.6m tons, and Norol's share of the Norwegian market for refined products rose to 24.8 per cent from 24.6 per cent in 1976.

The annual report says that the European Surplus of refinery capacity led to low prices on the international market for finished products. This was a handicap for Norol, which has a 40 per cent stake in the new and costly Mongstad refinery.

Meanwhile, Nordengruppen A/S, the Norwegian insurance concern, is paying an unchanged 8 per cent dividend for 1977. Gross premium income rose 22 per cent to Kr 893.3m, and pre-tax profits reached Kr 5.1m.

The group estimates its likely loss on shipping guarantees at around Kr 5m, and reports a loss of Kr 6.6m on share sales in 1977. The group's Kr 5.5m holding in Norinvest A/S, an unsuccessful finance company, was written off entirely.

In a separate development, Electrolux is to receive a SKr 70m state loan to take over and operate the iron foundry company Jaernfoeredling for five years, Reuter reports from Stockholm.

Slight fall at Didier-Werke

By Guy Hawtin

FRANKFURT, May 25.

DIDIER-WERKE, the leading West German manufacturer of refractory bricks and fire proofing products "held its own during a difficult year" in 1977. With the steel industry—a major customer—in its deepest recession since the end of the war net profits at only a little under the 1976 level are reckoned to be satisfactory.

There were few surprises in the news that 1977's group turnover fell back by 9 per cent to DM 733m ($344.6m) as a decline of about this size had been forecast at the halfway mark. However, the parent company's sales fell by rather less than the 5 per cent forecast and at the year's end totalled DM 582m—only 3 per cent down.

Current hopes of gradual improvement in the steel industry's prospects indicate that in 1978 there should be a less difficult year.

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9¾pc 1989	96½	97
AMEV 8pc 1987	95½	96½
Australia 8½pc 1992	[illegible]	93½
Australian M. & S. 9½pc '92	96½	97½
Barclays Bank 8¾pc 1992	95½	96½
Bowater 9½pc 1992	97½	98
Can. N. Railway 8¾pc 1986	95½	96½
Credit National 8¾pc 1986	97½	[illegible]
Denmark 8¾pc 1984	99½	100
ECS 9pc 1993	98½	99½
ECS 8¾pc 1997	95	95½
EIB 8¾pc 1992	98½	99
EMI 9½pc 1989	97½	98½
Ericsson 8¾pc 1989	96	96½
Esso 8pc 1986 Nov.	100½	101
Gt. Lakes Paper 8¾pc 1984	97½	98½
Hamersley 9¾pc 1992	99½	100
Hydro Quebec 9pc 1992	95½	96½
ICI 8¾pc 1987	96½	97½
ISE Canada 9¾pc 1986	103½	104½
Macmillan Bloedel 9pc 1992	[illegible]	96½
Massey Ferguson 9¾pc '91	97½	98½
Michelin 9¾pc 1988	101½	102½
Midland Int. Fin. 8¾pc '92	96½	97½
National Coal Bd. 8pc 1987	94	94½
National Westmnstr. 9pc '86	99½	100½
Newfoundland 9pc 1989	98½	99
Nordic Inv. Bk. 8¾pc 1988	98½	99
Norges Kom. Bk. 8¾pc 1992	96½	97½
Norpipe 8¾pc 1989	96½	97½
Norsk Hydro 8¾pc 1992	96	96½
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1995	94½	95½
Prov. Saskatch. 8¾pc 1986	98	98½
Reed International 9pc 1987	93	95
RHM 9pc 1992	92½	93½
Selection Trust 8¾pc 1989	90½	91½
Skand. Enskilda 9pc 1991	98½	99
SKF 8pc 1987	93	93½
Sweden (K'dom) 8¾pc 1987	96	96½
United Biscuits 9pc 1989	97½	98½
Volvo 8pc 1987 March	92½	93½

NOTES	Bid	Offer
Australia 7¾pc 1984	94½	95½
Bell Canada 7¾pc 1987	94½	95½
Br. Columbia Hyd. 7¾pc '85	93	93½
Can. Pac. 8¾pc 1984	97½	98½
Dow Chemical 8pc 1986	97½	98½
ECS 7¾pc 1982	95½	96½
ECS 8¾pc 1989	93½	96
EEC 7¾pc 1982	96½	96½
EEC 7¾pc 1984	94½	95½
Enso Gutzeit 8¾pc 1984	96½	97½
Gotaverken 7¾pc 1982	97	97½
Kockums 8pc 1983	97½	98
Michelin 8¾pc 1983	99	99½
Montreal Urban 8¾pc 1981	99½	100½
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8¾pc '83	99½	100
New Zealand 8¾pc 1986	96½	97½
Nordic Inv. Bk. 7¾pc 1984	95	95½
Norsk Hydro 7¾pc 1982	97	97½
Norway 7¾pc 1982	96	96½
Ontario Hydro 8pc 1987	94½	[illegible]
Singer 8¾pc 1982	100	100½
S. of Scot. Elec. 8¾pc 1981	99½	99½
Sweden (K'dom) 7¾pc 1982	96	96½
Swedish State Co. 7¾pc '82	97	97½
Telmex 9¾pc 1984	98½	99½
Tenneco 7¾pc 1987 May	93½	93½
Volkswagen 7¾pc 1987	94	94½

STERLING BONDS	Bid	Offer
Allied Breweries 10¾pc '90	87½	88½
Citicorp 10pc 1993	90	91
Courtaulds 9¾pc 1989	87½	88½
ECS 9¾pc 1989	93½	94½
EIB 9¾pc 1988	93½	94½
EIB 9¾pc 1992	92½	93½
Finance for Ind. 9¾pc 1987	90½	91½
Finance for Ind. 10pc 1989	90½	91½
Fisons 10¾pc 1987	93½	94½
Gestetner 11pc 1988	91½	92½
INA 10pc 1988	89	90
Rowntree 10¾pc 1988	[illegible]	98½
Sears 10¾pc 1988	88½	89½
Total Oil 9¾pc 1984	92	93

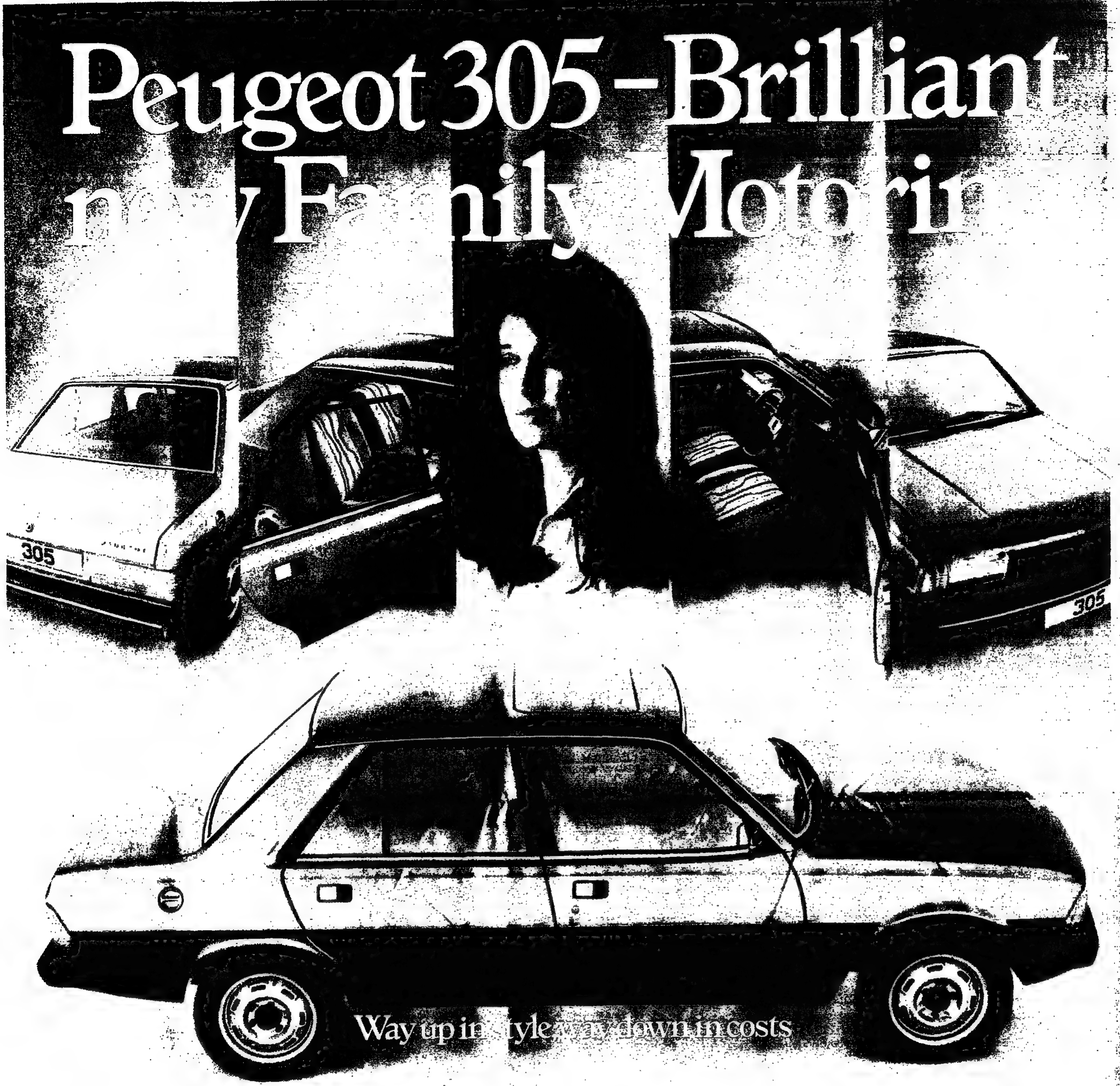
DM BONDS	Bid	Offer
Asian Dev. Bank 5¾pc 1988	97½	98
BNDE 6¾pc 1986	96½	97
Canada 4¾pc 1983	97½	98½
Den Norske Id. Bk. 6pc '90	98	98½
Deutsche Bank 4¾pc 1983	97½	98½
ECS 5¾pc 1990	95	95½
EIB 5¾pc 1990	94½	95½
Elf Aquitaine 5¾pc 1988	95½	96
Euratom 5¾pc 1987	97½	98
Finland 5¾pc 1986	97	97½
Forsmarks 5¾pc 1990	97½	98
Mexico 6pc 1985	93½	94½
Norcem 5¾pc 1989	100	100½
Norway 4¾pc 1983	99	100
Norway 4¾pc 1983	97½	98½
PK. Banken 5¾pc 1988	95½	96½
Prov. Quebec 6pc 1990	95½	96½
Rautaruukki 5¾pc 1988	96	96½
Spain 6pc 1988	94	94½
Trondheim 5¾pc 1988	96½	97½
TVO Power Co. 6pc 1988	97½	98½
Venezuela 6pc 1988	97	97½
World Bank 5¾pc 1990	98	98½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8¾pc	99½	100½
BFCE 1984 8¾pc	99½	100½
BNP 1983 8 11/16pc	100½	100½
CCP 1985 8¾pc	99½	100
CGMF 1984 7¾pc	99½	100
Creditanstalt 1984 8¾pc	99½	100½
Credit Lyonnais 1982 8pc	100	100½
DG Bank 1982 7 13/16pc	100½	100½
GZB 1981 8 5/16pc	100½	100½
Intl. Westminster 1984 8pc	99½	100
Lloyds 1983 7¾pc	100½	100½
LTCB 1983 8pc	99½	100½
Midland 1982 8pc	100½	101½
Midland 1987 8 9/16pc	99½	100½
OKB 1983 7¾pc	99½	100½
SNCF 1985 8¾pc	99½	100
Std. and Chtrd. '84 7 11/16pc	99½	100½
Wms. and Glyn's '84 8 1/16pc	99½	100½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	87½	89
Ashland 5pc 1988	93½	95
Babcock & Wilcox 6¾pc '97	102	104
Beatrice Foods 4¾pc 1992	97½	98½
Beatrice Foods 4¾pc 1992	107	108½
Beecham 6¾pc 1992	96½	97½
Borden 5pc 1992	100	101½
Broadway Hale 4¾pc 1987	77	78½
Carnation 4pc 1987	77	78½
Chevron 5pc 1988	136	138½
Dart 4¾pc 1987	80	81½
Eastman Kodak 4¾pc 1988	83½	85
Economic Labs. 4¾pc 1987	[illegible]	79½
Firestone 5pc 1988	83	84½
Ford 5pc 1988	88	89½
General Electric 4¾pc 1987	83½	85
Gillette 4¾pc 1987	77	78½
Gould 5pc 1987	113	114½
Gulf and Western 5pc 1988	88	89½
Harris 5pc 1992	180	182
Honeywell 6pc 1986	87½	89
ICI 6¾pc 1992	89	90
INA 6pc 1997	95½	97
Inchcape 6¾pc 1992	113	114
ITT 4¾pc 1987	81	82½
Jusco 6pc 1992	110	111
Komatsu 7¾pc 1990	125½	126½
J. Ray McDermott 4¾pc '87	171	173½
Matsushita 6¾pc 1990	163	164
Mitsui 7¾pc 1990	119½	120½
J. P. Morgan 4¾pc 1987	[illegible]	101½
Nabisco 5¾pc 1988	101½	103
Owens Illinois 4¾pc 1987	114½	116
J. C. Penney 4¾pc 1987	78	79½
Revlon 4¾pc 1987	116	117½
Reynolds Metals 5pc 1988	86½	88
Sandvik 6¾pc 1988	107	109
Sperry Rand 4¾pc 1987	92½	94
Squibb 4¾pc 1987	81	82½
Texaco 4¾pc 1988	80½	82
Toshiba 6¾pc 1992	128	130
Ty Co. 5pc 1984	77	78½
Union Carbide 4¾pc 1982	94	95½
Warner Lambert 4¾pc 1987	84	85½
Warner Lambert 4¾pc 1988	77	78½
Xerox 6pc 1988	78½	80

Source: Kidder, Peabody Securities.



GL £2999 GR £3299 SR £3599

We are pleased to introduce to you our new model range – the 305. This model was designed from an extensive research study programme to determine what you the customer require for modern day family motoring.

The results of this study have enabled our designers and engineers to design and build the car that you want, that combines comfort, safety, style, performance, reliability... and still economy.

The engine is of light aluminium alloy as this reduces overall weight, giving the benefits of a lower centre of gravity, balanced loading, light steering and fuel economy. It is mounted in a transverse position driving the front wheels and masters the technique of combining a simple, smooth transmission system with this layout. The space saved under the bonnet is used to give you more room in the passenger compartment.

Comfort is very high on your list of priorities so only the very best suspension will do – the expensive 4-wheel independent suspension has been selected to ensure excellent road holding whatever the surface condition, rough or smooth, combined with 2 anti-roll bars for stability when cornering.

Rack and pinion steering for precise and predictable cornering. Servo-assisted dual circuit braking system for easy, safe braking.

A tremendous amount of research and money has been expended in building an Experimental Safety Vehicle. Numerous active and passive features, thoroughly tested and proved on this Safety Vehicle have been "built-in" to the design of the 305 – a rigid "cell" has been constructed around the passenger compartment – all possible angles of impact have been considered and attention given to every minute detail.

And then the body style – you told us that too often this was boring – humdrum. We remembered well your comments, the result... what you see above.

To enable you to choose according to your particular requirements, a 3-model range has been developed, the 1300 cc GL and GR, and the 1500 cc SR, each with a high level of standard equipment and available in a range of beautiful colours. And there's a wide variety of options such as metal sunroof, electric front windows and tinted glass.

And finally economy – you have seen the prices, now take a look at the fuel consumption chart, main service intervals are every 10,000 miles (or one year) with intermediate check and oil change at 5,000 miles (or 6 months). In addition, the 305 is covered by a simple, straightforward 12 month unlimited mileage guarantee.

We are very proud of our 305, we think that our designers and engineers have done a fine job, and you can imagine our delight when we read that the Times motoring correspondent thought the 305 was "probably the best new car I have driven this year" (Nov. 1977) and "the 305 sets such a high all-round standard that it must rank as one of Europe's best middle-range models" (March 1978).

There's a lot more that we can tell you about our 305 range. It has been designed for you, so why not find out more for yourself by visiting your local Peugeot Dealer today – or write to us.

Model	Price	Engine Size	*Fuel consumption Constant 56 mph	Constant 75 mph	Simulated urban driving
305 GL 305 GR	£2999 £3299	1290 cc 1290 cc	43.4 mpg (6.5L/100 km)	31.0 mpg (9.1L/100 km)	29.7 mpg (9.5L/100 km)
305 SR	£3588	1472 cc	45.5 mpg (6.2L/100 km)	33.6 mpg (8.4L/100 km)	31.7 mpg (8.9L/100 km)

Peugeot Automobiles (U.K.) Limited,
333 Western Ave., London W3 0RS. Tel: 01-993 2331.

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On 305 GR: optional sunroof – £115. On 305 SR: optional "luxury pack" including sunroof, electric front windows, tinted glass, laminated windscreen and map reading light – £265. All prices inclusive of VAT and Car Tax – Delivery and number plates extra. Prices correct at time of going to press. *Figures in accordance with official Government testing procedures.

FINANCIAL TIMES REPORT
Friday May 26 1978

Isle of Man

The birch or the Purse

A Common Purse Agreement with the UK inhibits Manx freedom and there is growing feeling that it should be abrogated. Increased freedom, though, will merely increase the lop-sided nature of the economy unless steps are taken to boost tourism and agriculture.

By Anthony Moreton
Regional Affairs Editor

ATHOL STREET in Douglas, is the heart of the Isle of Man's financial community. Tongue-in-cheek it is referred to as the local equivalent of Throgmorton Street, or Wall Street. Certainly, the street has an air of prosperity missing among so many of the town's other roads. Its windows are new, its paint fresh. The peeling facades which are characteristic of so much of the rest of this popular seaside town are only to be seen intermittently.

The big names are there, too. Jostling with the local estate agents, notaries, advocates, accountants and stockbrokers are Lombard Bank, General Accident, Anglo-Manx Bank, Anglo-Irish Banks, Commercial Union, Tower Insurance, the Isle of Man Bank, Eagle Star, the Co-operative Insurance, Phoenix Assurance and Wesleyan and General. Over the old Government office, looking like a miniature version of Drury Lane, flies the Island's flag, the three legs of Man on a red background.

Right in the middle of these names that have been drawn in because of the island's tax-haven status (a phrase which, unlike the residents of the Channel Isles, they do not dislike; in Jersey and Guernsey they prefer the euphemism offshore financial haven) nestles a small brass plate on which is inscribed: HM Customs and Excise: VAT Office. This plate, more than anything else, encapsulates the economic and political dichotomy which faces the island.

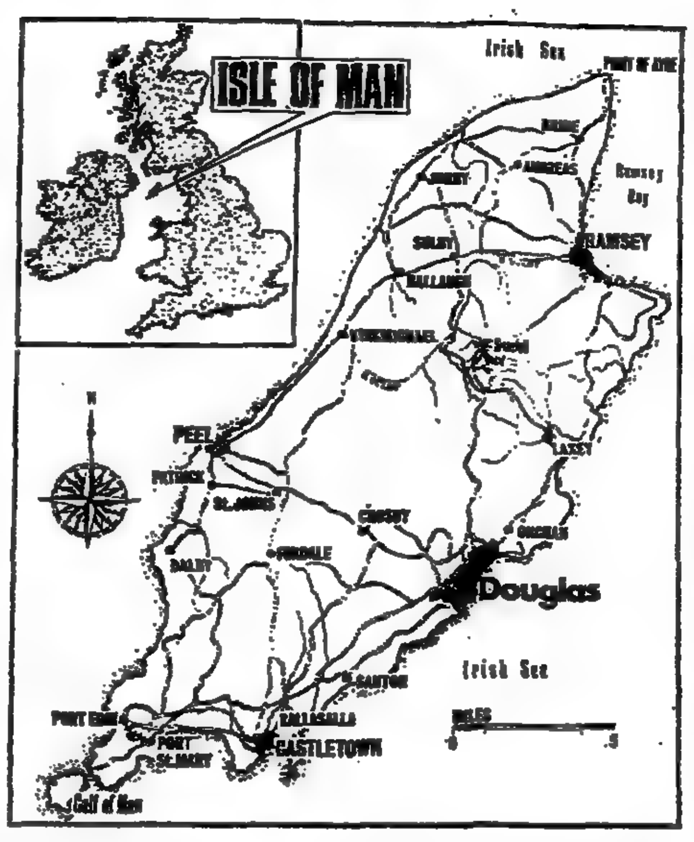
The Isle of Man is independent of the UK. Its constitutional position is that of a crown dependency. So its people can elect their own parliament, or Tynwald, make their own laws, levy their own taxes and, if they want to, cock a snoot at Westminster or the rest of the world.

But it has an agreement with the UK, called the Common Purse Agreement, under which the UK provides certain services, such as defence, collects certain dues—VAT levies—and in return pays a sum—estimated to be £15.3m this year—into the common purse. This agreement severely limits the island in some fields of action: it has to move VAT levels in concert with those of the UK and VAT inspectors can look at Isle of Man books in exactly the same way that they can those of a company in Bootle or Brighton. The island is unable to offer duty-free facilities or lower prices for cigarettes and liquor. And there are some people, a minority but a growing minority who resent this intrusion into their independence.

How, they query, can the island claim to be completely independent when it has compromised in one important field? The discussion is widened to the point where people are asking whether the island should be completely independent and it has been brought into sharp focus recently over an issue on which there is virtual unanimity—birching.

The ruling of the European Court of Human Rights at Strasbourg that birching is a contravention of the European Human Rights Convention—to which the Isle of Man is a signatory—is very widely resented. There is almost complete acceptance that the principle of birching certain people for certain offences prevents what is seen as the appalling violence endemic on the mainland from reaching its shores. But if the island is to insist on keeping birching as a punishment it will almost certainly have to opt for complete independence. And this means abrogating the Common Purse Agreement.

A report prepared earlier this year for Tynwald stated that although abrogation was not generally favoured at the last election to the House of Keys, in November, 1976, there appeared to be considerable support for renegotiating the terms. It suggested the name of the agreement should be changed, particularly to attract foreign business, and that the collection of VAT and customs dues could be carried out on the island.



Enthusiasm

People on the island proudly point out (with a sly nudge at Whitehall) that they always balance their budget. They certainly do. Last year's surplus was £5.4m and it is expected that this year there will be a surplus of £16,000 out of total Government expenditure of just over £71m. These surpluses enabled Tynwald earlier this month to cut the rate of taxation to 21p in the £ from the 21.25p level that had existed since 1961, when surtax was abolished. They also helped to account for the fact that there are no capital taxes of any sort.

The cut was intended to attract further business to the island. It also helped reduce the disparity with the Channel Islands, the Isle of Man's competitor as a near-Britain tax haven, where the rate is 20p. Government thinking now is to reduce rates further and so another cut is a possibility next year.

In their enthusiasm to attract in the wealthy and the financial community and keep the books balanced it is sometimes overlooked that the island would be considered a parsimonious spender even at local authority level in the UK. Some public projects—a fire station—have gone up in the past couple of years, but Douglas gives an overwhelming impression of a town on which no money has been spent for a very long time. Its library, for instance, and its books could be presented to the Victoria and Albert Museum in London as a showpiece of what things were like 50 years ago. No self-respecting village in the UK would tolerate it.

Similarly, the island has failed to keep up with commercial development and so little has been done for the hotel trade, to cater for what was once the main source of revenue, that it is simply unable to compete with changes in holiday habits. Only one hotel has been built, for instance, this century.

These failings have been obscured over the last 15 years by the island's emergence as a tax haven. Though much of the running has been made by Guernsey and Jersey and, in a different way, Bermuda, the island has quietly absorbed a considerable number of immigrants who have brought much money with them and generated considerable national income.

Resentment

Some of them are former Commonwealth civil servants, known as "wheneyes," from their habit of spattering their conversation with phrases such as "When I was in Kenya . . ." or "When I was in Hong Kong . . ." Others are "comeovers," who have come from the mainland. Some, like Richard Adams, author of Watership Down, and Lord Brookes, better known as Sir Raymond Brookes, chairman and chief executive of GKN between 1965 and 1974, are well known. Well-known or not, what differentiates these people from their counterparts in the Channel Islands is that they keep a low profile. They rarely draw attention to themselves nationally, though they cause some resentment on the island by indulging in a near-endless round of social meetings in which the main prerequisite appears to be—to those outside the circle—a desire to put on a black bow tie and dinner jacket at every opportunity.

The big growth in the economy, however, has been in the wealth created by the financial business community. For years the Isle of Man relied on fishing, agriculture and tourism for its prosperity. To most people, it was simply the place where the TT races took place and kippers were boxed.

Tourism is still important to the island and next week thousands will be descending on Douglas ahead of the TT races, some of the most important in the world. But today the financial sector accounts for a quarter of the national income and between 1970 and 1976 it grew at an annual rate of 18 per cent. In that period the tourist industry's rate of growth was just 0.5 per cent and agriculture slipped back by 12.5 per cent a year. The tax cut is a step to maintain this.

The island authorities are aware that such a reliance on one sector could bring problems in its wake. Those problems are inevitably linked with independence and the Common Purse Agreement because if the UK government continues to interfere with what are seen as internal matters—not only birching but the right of the island to allow pirate radio in the 1960s, for instance—it is feared that the 1975 regulations by the London Government on capital transfer taxes to island residents might be widened. Then, the whole low-tax, offshore haven basis might be endangered.

Despite this, the share taken by the financial sector in the economy is likely to grow larger. Steps are now being taken to enhance the island's standing as a centre for the captive insurance industry. As in so many other things, the island has been outflanked, with Bermuda creaming off the market and Guernsey trying to win a share in recent years.

To counteract the possibility of undue reliance on finance the Government has recently been seeking to expand the industrial base. An official party visited Switzerland and it is hoped to attract in manufacturers of equipment with a high value-added content.

If it is to succeed it will have to take a more open-minded policy on two fields—housing and work permits. There is virtually no unemployment on the island in the summer (the May figure was just under 3 per cent.) and so even small factories will need to bring in some labour, especially managerial.

Permits

Although the Manx Government imposes no restrictions on people wanting to live on the island, unlike both Guernsey and Jersey, it closely regulates the issue of work permits for men (women do not have anything like the same difficulties). In addition, it has a niggardly attitude towards the granting of mortgages with the result that unless a potential owner has considerable capital it is difficult for him to get a good modern house. Mortgages are offered only to £10,000 and then only to first-time buyers. Anyone wishing to buy a better, or bigger, or different house has to give up any mortgage and will not usually get another.

Until recently the only alternative source of finance for people wanting to change homes was a bank loan. Recently, Williams and Glyn's has moved into mortgage finance. The other clearing banks do not think there is much of a market and probably will not compete but at least home buyers will have another source of finance.

Like the UK the island's economy has been flat, in real terms, over the last three years and has grown very little over the past five. Given that the finance sector has gone ahead strongly in the 1970s this must mean that the rest of the economy has actually slipped back. If the economy is to grow again, and not just in a lopsided fashion, over-dependent on one sector, the government must get improvements in other areas of national life. This is the real challenge which faces the only man with three legs.

Prosperous industrial sector

THE ISLE OF MAN has a small but thriving industrial sector, which accounts for around 13 per cent of the island's income, making it the second biggest revenue earner (the financial sector comes first).

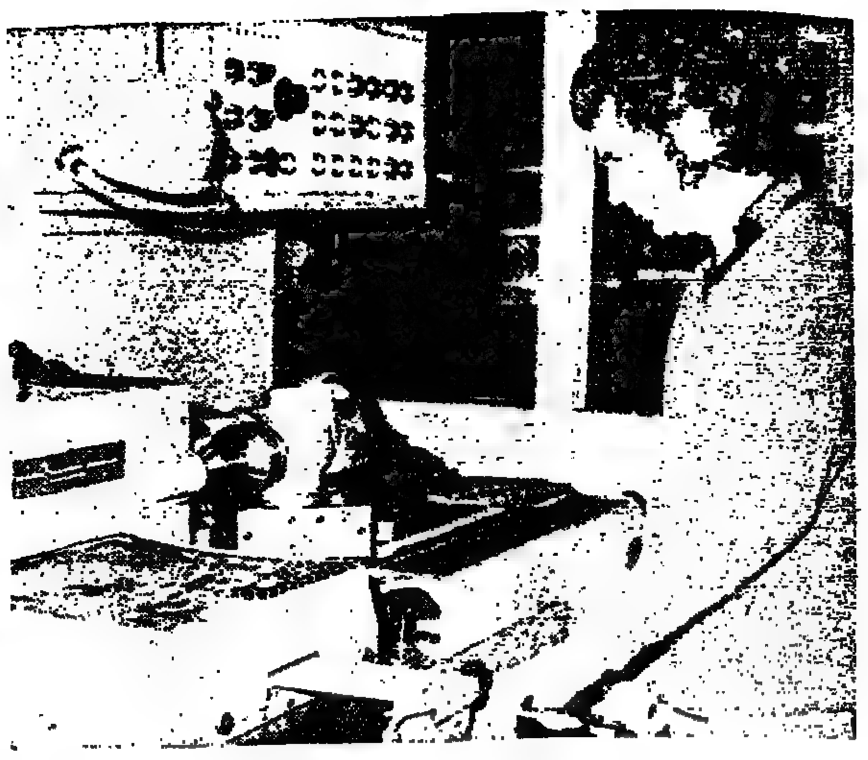
But the island cannot be a home to any sort of industry: there are fairly strict criteria that must be observed: and for companies that fill the bill there are particularly generous incentives available to help them set up shop.

A glance at a list of manufacturing companies gives a clue to the sort of industry that will be made welcome: light engineering dominates, with around 30 factories on the island making a range of specialist products from ejector seats, model aero-engines and thermostats down to nuts and bolts. Several of the companies have close links with UK parents (although this is not an aspect that most of them are willing to publicise). Textiles figures high on the list, carpets, rugs, knitwear, tweeds and Manx tartans being among the products. There are many food processing and manufacturing companies — hardly surprising in an island noted for its seafood, especially kippers and scallops—and one can hardly fail to mention Manx Ices, which not content with selling its product in the UK and Ireland, has just sent its first container of ice cream to, of all places, Dubai.

All these concerns fulfil one of the main basic criteria: they are non-polluting. Most of them also fulfil another: that they should be capital rather than labour-intensive, effectively small- to medium-size plants making products that have a high added value. The other criteria as outlined by the Industrial Office to prospective applicants are that there should be a high anticipated return on capital investment (whoever has set up a business without such an aim?), and that a high proportion of output will be sold outside the island.

The need for most of these requirements is self-evident. An island with an important tourist sector cannot risk pollution of its coast and countryside —and the Isle of Man has no intention of becoming another Sicily! And while there is a reasonable reservoir of labour that can be trained for skilled and semi-skilled jobs, there are not enough people available to staff a labour-intensive plant. So the aim must be to attract companies investing in plant and machinery rather than people—and then to persuade them to employ their staff as far as possible from the island's workforce.

Work at the Progress Shaving Brush Company (Vulfix) Ltd.



Grinding high precision valve seats in aviation hydraulic equipment at Iloman Engineering.

By this means some 400 new jobs have been created over the past five years, and there are now more jobs than ever available to school leavers. Unemployment is currently just under 3 per cent, and although this figure changes with the season, as people take jobs in the tourist trade in the summer, the overall level of unemployment does not seem to vary much year by year.

Weapon

The Industrial Office points out that the island population is still growing—and not just because of those who travel across the water when they retire—so there is no barrier to outsiders as yet. But the Government has a handy weapon in the form of the work permit which is compulsory for anyone who has lived on the island for less than 10 years. This means that the preference in filling a job can be given to the native islander, rather than an outsider, although quite how this system fits in with EEC regulations is not entirely clear, since these allow for the free movement of labour throughout the EEC—and the Isle of Man is by proxy a signatory to the Treaty of Rome. The work permit also ensures that the island is not flooded with unskilled labour for whom no jobs would be available, and who would overcrowd the housing market, which is already under some pressure.

One factor that has been given more attention recently is the need for adequate training: the island's educational system is more than adequate and a college of further education provides a certain amount of craft and engineering training, but to attend a university the student will have to cross the water to the UK. And the Government has accepted that it will never be possible for the island to provide a job for every school leaver.

As a carrot Tynwald has evolved a wide range of industrial incentives. The principal ones are:

Investment grants: 40 per cent. of the cost of new buildings, new plant and machinery.

Initial grants: A grant of 40 per cent. is payable towards running-in costs.

Transfer grants: Anyone moving in a manufacturing operation to the island could be entitled to 40 per cent of the costs of the actual dismantling and re-installation cost of the operation.

Training grants: These are offered to employers pursuing approved schemes.

Sites: The Government maintains sites for development, some of which are on the edge of Douglas. If a potential manufacturer wants to set up elsewhere than on a Government site it may be assisted with a rent grant to offset the cost of the building grant which would otherwise have been received.

Loans: It is possible in certain cases to receive loans towards half the cost of the working capital. Repayment may be delayed for two years after receipt of the loan.

All in all this is an attractive package, though it should be remembered that these are maximum grants and that they are discretionary, not claimable. Any applicant is likely to be carefully screened to ensure that his operation will meet the conditions outlined above and also that his factory will be sited where it can do most good in employment terms. The earnings forecast will be carefully scrutinised — the Isle of Man is avowedly not a place for lame ducks.

During the five years that this scheme of incentives has been in operation, around 40 companies have received assistance, 60 per cent of them local; 70 projects have been approved about 20 turned down. The Government has assisted investment totalling over £4m, of which over £1m was in new buildings — which has also helped the construction industry.

One factor that must make the Industrial Office feel that that its policies are being pursued along the right lines is that several of the recent arrivals have managed to staff themselves completely with local labour. One such is Springvale Bolt and Nut, on the privately developed Spring Valley estate near Douglas, whose five skilled/semi-skilled workers are all local. The same goes for Rostero (I.O.M.) whose 25 man workforce were all recruited locally and who will shortly begin to produce acrylic sheet from its factory on the same estate. (This is in spite of the fact that shift working will be required, an uncommon occurrence on the island.)

At present the Industrial Office reports a steady flow of inquiries, and the number of new factories that have set up in business during the past few years would turn the industrial development officer of almost any U.K. county green with envy.

Unwilling

In many cases the pattern seems to have been for a U.K. company to set up a small manufacturing unit in the island, taking advantage of the incentives offered—and at the same time, in the view of several of those I spoke to, getting away from overcrowding and industrial relations problems in the UK. Marketing of the final product is often handled in the UK, the Isle of Man unit operating largely independently.

Indeed, several companies were at pains to point out that they would not wish any connection between themselves and the UK parent to be made in such a survey as this, and some were unwilling to be mentioned at all. Such cautiousness points up one of the abiding talking points in the island: the question of greater or lesser independence from the UK. Certainly many entrepreneurs feel threatened by the fact that that UK officials still have access to some of the island's financial data — VAT returns, for instance, are dealt with in the UK. And it is often the comeovers who are the strongest advocates of independence: the Manxman remains much more cautious, having probably weighed up the pros and cons more carefully.

The one factor about the island that crops up in conversation more than almost any other is the quality of life. The Isle of Man is a place to relax in: if profits can be produced and ulcers avoided, then no wonder the island industry is growing.

It is the slower pace of life —as well as the taxation climate —that attracts so many well-heeled UK businessmen to retire in the Isle of Man. Many of them find it so relaxed that they start up little factories to pass the time! Thus is industry created.

Colin Inman

Financial market still growing fast

AS VICTORIA STREET sweeps down towards the promenade in Douglas there is considerable activity in one building that stands almost next door to the Barclaytrust office. Signs are just going up to tell the unsuspecting stranger what will emerge, but most of the islanders, and certainly all the financial community, know that this is to be an office for Bank of Credit and Commerce International, a London-based subsidiary of the Luxembourg bank BCCI (Holdings).

There is considerable interest in the arrival of BCCI since apart from Allied Irish Banks it is the first foreign bank to be attracted to the island. All the British majors are on the island, led by the Isle of Man Bank, a NatWest offshoot, together with one overseas representative, the Royal Trust Company, a Canadian concern. There is also a small Swiss bank, but it is not active.

Vehicle

BCCI's importance is that it is the first of the truly foreign banks to arrive in Douglas. Its managing director is a Pakistani and it is thought to be a vehicle through which the Arab countries recycle their oil income.

There are people on the island who would have preferred another overseas bank to have been the flag carrier. It had been hoped that the way would have been led by a bank such as Chase Manhattan or Hong Kong and Shanghai rather than an organisation around which a considerable amount of mystery has always existed.

Such a step might still be taken. It is thought that approaches have been made to the authorities by some other foreign banks. The Government investigates the standing of potential entrants very carefully and so it could be some time before the name or names are released.

This is understandable because banking has risen to the point where it now accounts for a quarter of the national income and is still rising strongly. Until the late 1950s the economy of the island was based largely on fishing, agriculture and tourism. The banking sector has far outstripped these sectors since then and gained a position of unrivalled predominance.

Last year, for instance, the finance sector in government statistics accounted for 26.1 per cent of the income generated by the island from local sources, with manufacturing industry the next in importance at 13.1 per cent. Just four years earlier finance only accounted for 17.2 per cent. and at the end of the 1960s was responsible for about 10 per cent.

The growth of banking has been very much a product of the island's offshore financial haven status and in particular has come since the abolition of surtax in 1961. The very favourable conditions accorded to both companies and individuals means that many people resident outside the U.K.—either through choice or work —have been able to organise their own affairs in such a way that the burden of tax on them has been, quite legally, minimised.

At the same time, the growth of the sector has brought advantages in its train to the economy as it has created employment locally and injected a degree of management expertise which was previously missing and will be invaluable in the future.

There are some reservations, though, at this fast rise, as it is felt by some people that if the finance sector grows much more it could endanger the balance of the economy. With tourism and agriculture declining in importance and question marks over the future of the fishing industry such concern is natural. An economy which became too heavily dependent on finance would be especially at the mercy of an outside agency —such as Whitehall—which attempted to undermine that function.

Despite this concern there is little doubt that in the next few years the share of the economy taken by banking will definitely rise even further. Not only will more banks be attracted in to Douglas but the authorities are now looking at a neglected financial sector—the captive insurance market.

Subsidiary

Captive insurance is that field in which a company sets up a subsidiary to insure some or all of the risks arising out of its own activities. It is an area which has been growing in importance throughout the world and has a respectable pedigree, stretching back over the past 100 years, especially in America and Europe, where the general insurance market has not always developed to such sophisticated levels as in London.

There are several advantages to be gained from setting up a captive, such as the elimination of some or all of the primary insurer's management expenses, wider forms of cover can be arranged, cash flow is improved and a cost centre (insurance outlays) can be turned into a profit centre.

Most of the running for captive insurance in the UK has been made by Bermuda though in the last few years Guernsey has made great efforts, not altogether unsuccessfully, to cut itself a slice of the cake. Now the Isle of Man wants to do so as well.

It sees an important sector of the financial market, with a certain spin-off in other facilities, going elsewhere through its own default. It also believes that captive insurance will complement those financial activities which are already pursued on the island and lead to even more employment opportunities.

What the Isle of Man would like is for the business community to accept it as equally sophisticated a financial centre as the Channel Islands. People in Douglas will tell you that they can hardly compete with the image of Guernsey and Jersey at a personal level but that they should be able to provide as full a range of services as can be found in St. Helier or St. Peter Port. It is for this reason as much as any other that they want to branch into new areas.

Banking activities are now carefully controlled through Acts of Tynwald in 1975 and 1977 with the government Treasurer overseeing observance of their provisions. The fringe banking crisis which hit London had repercusisons in Douglas and the authorities there are determined to avoid such unpleasantness in future.

Any new bank coming in normally has a paid-up capital of at least £250,000 before it can receive a licence and one of the conditions is that it must have been recognised as an authorised depository for exchange control purposes by the Bank of England. This is just one of the ways in which London and Douglas work closely together to safeguard the probity of the banking community.

The fee for a bank licence is £500 a year. Other houses which offer financial services, such as investment advisers—also have to be licensed and the fee in their case is £250. The Treasurer has the power to refuse renewal of the licence—except to the UK clearing banks or members of the Accepting Houses Associations —or he can attach conditions to any renewal.

Anthony Moreton

Air links could be better

FOR AN ISLAND, keeping in touch with the outside world is important, and for none more so than the Isle of Man, whose tourist, manufacturing and finance industries all depend to some extent on efficient links with the UK across the water and the growing markets that lie beyond.

A glance at a map showing air and sea routes between the island and the UK and Ireland shows a fine variety of options: the Isle of Man links by sea to Liverpool, Ardrossan, Fleetwood, Belfast, Dublin, and Llandudno, with a new service to Heysham due to start shortly, while scheduled air services connect with several UK airports. But the frequency (and comfort) of several of these services is less than ideal, with the businessman who wishes to commute between the island and London receiving the worst deal.

To visit the island for a day he will have to be at Heathrow by 8.30 a.m. for take off just after 9 a.m. At 9.50 a.m. he will be decanted at Manchester where he will have to wait until 11.30 a.m., when a Viscount will transport him to Ronaldsway Airport, arrival time 12.10 p.m. He should make Douglas in time for lunch. To return he will have to be at the airport by 4 p.m. for a flight which will involve changing aircraft and a mere hour's wait at Speke Airport Liverpool (These flights via Liverpool are quaintly described by some British Airways staff as "direct.") The round trip costs £52.

Arriving at Heathrow just before 7 p.m. the businessman may find himself wishing that his interests lay in the Channel Islands rather than the Isle of Man, and the inadequacy of the service must be seen as a disadvantage to the island's growing financial community.

A further point is that most flights to and from the island connect with Liverpool, rather than with Manchester, which has direct Continental services.

However, some changes may be in the wind, since under a proposed "route swap" arrangement the Isle of Man route through Liverpool may be taken over by British Midland Airways. The plan, put forward jointly by BMA and British Airways, is subject to the approval of the Civil Aviation Authority.

Over the past few years British Airways has run direct flights to the island during the summer months, but this year these are confined to weekends, taking advantage of the holiday traffic. The airline points out that direct flights can only be instituted if sufficient demand exists. The islanders reply by saying that the demand is there and that a direct service will in any case generate some of its own traffic.

Some evidence for this point of view may become available from the experience of Dan Air, which this summer is starting direct flights between the island and Gatwick on five days of the week. The airline will be using Hawker-Siddeley 748s—not its celebrated fleet of Comets which might be able to get into Ronaldsway but certainly would not make it out again.

Many businessmen are now taking advantage of the Flying Taxi service operated by Air Charter and Travel. Five-seater Cessna 310 aircraft can fly to around 35 UK airports as well as a number of Continental ones. The overall cost per passenger competes with that of scheduled services, and the added flexibility is a bonus.

The quickest way off the island is with the British Island Airways service to Blackpool, which takes only 30 minutes, and the airline also operates between the island and Edinburgh, Glasgow, Belfast and Dublin, with occasional summer flights to Leeds and Newcastle.

Only a third of the island's visitors arrive by air, the remainder by sea, and almost all travel on one of the Isle of Man Steam Packet Co Ships, which connect with six ports in the UK and Ireland. There are drive-on drive-off ships on all routes except the Llandudno sailings.

But this year there is a new challenge to the Steam Packet in the form of Manx Lines, a privately owned company, whose managing director is former motor cycle world champion Geoff Duke. Manx Lines' ro-ro ship Manx Viking was bought from Aznar Lines, and can carry up to 260 vehicles between the island and Heysham. Initially four crossings a day are planned, and the service is due to start on June 1, just in time for TT week.

Optimistic

Mr. Duke is highly optimistic about the new service, and early bookings tend to bear out his optimism. For one thing, he says, the ship will introduce a new level of comfort to sailings to and from the island. At three hours it is also quicker than comparable routes and Mr. Duke says, cheaper, although the number of special offers, excursion fares, etc. available from both companies make it difficult to generalise. Certainly, however, Heysham lies very conveniently for the onward journey in the UK whether by road (the M6 is eight miles away) or rail.

One question that the non-package holidaymaker will have to work out is whether it is worthwhile taking his car to the island. The cost of doing so is likely to range from around £25 to £44 return, depending on length of car, time of travel, etc., which may hardly prove to be economic since car hire on the island is very reasonably priced. An Allegro 1100, for instance, costs less than £35 for a week, unlimited mileage, in high season, £28 low season. Hiring a car is pleasantly free of formalities, since the likelihood of theft on an island is low.

To anyone accustomed to the congestion of south-east England, the Isle of Man's roads will come as a joy. Car ownership in the island is relatively high, but then the island itself is fairly sparsely populated, and there is hardly any traffic congestion, nor is there any parking problem except in the centre of Douglas. The roads are adequately surfaced, especially on the TT course, albeit not very well signposted. There is a reasonable bus service to most parts of the island—and of course, as in any holidy resort, the visitor is catered for by coach trips—and recent research indicated that the visitor to the island gets around far more than would be expected of someone staying in a seaside resort.

And there are, of course, more unusual ways to travel in the island: by horse tram along Douglas seafront, for example: or on the steam railway which runs from Douglas to Port Erin via Castletown; or the Manx Electric Railway, from Douglas to Laxey and now on to Ramsey—the re-opening of which route at a cost of £100,000 caused many furrowed brows in the Treasury. The Isle of Man is not accustomed to support enterprises that do not make a profit—and the Electric Railway doesn't.

Colin Inman

Taxation and incentives

WHEN SEEKING to attract new business the Isle of Man labours, in theory, under certain disadvantages. Those areas of the UK which are nearest to it, or from which its communications stem, are in grant-assisted areas and might therefore be expected to cream off any firms attracted to the island. Liverpool and Merseyside, from which the boats run and the aircraft fly, is a special development area. So, too, is the coast of Cumberland, that part of England nearest to the Isle of Man. Immediately to the west, Northern Ireland has a panoply of special incentives available for putative employers while the whole of the north of England has some form of assisted status.

Against this has to be set the fact that the Isle of Man is a tax haven. While development areas can offer grants of varying amounts against new plant and machinery, or selective financial assistance under the 1972 Industry Act, together with other incentives, the island has a standard rate of tax of 21 per cent. This is a powerful incentive, especially when it is taken in conjunction with the fact that there is no surtax, no capital transfer tax and no capital gains tax.

Tynwald, the island's parliament, believes that such a rate of taxation, which is still slightly above the 20 per cent rate of the Channel Islands, is necessary for the continuation of the health of the Manx economy. If further industry is to be attracted in, then the local government can ill afford to become uncompetitive with assisted areas of the UK.

The basis of Manx taxation is that income is only taxed once. There is no corporation tax as such on resident companies and any income which is distributed does not attract tax liability from a company's point of view. Tax is then paid by the recipient.

Therefore a resident company will only pay tax on its retained earnings. Even then, certain allowances may be set against the total, such as any capital allowances or expenses incurred in the running of the business. A company which is non-resident has to pay a £200 company registration tax together with a £2 fee on filing its annual returns. Similarly, a company which is paying dividends or director's fees to a non-resident has to deduct tax at the standard rate of 21p.

According to the Mannin Trustee Company, of Castletown, the only taxation levied which could be called a capital tax is on the registration of a company's authorised share capital. In a useful little booklet, entitled A General Introduction to the Isle of Man, it states that this levy is at the rate of £20 on the first £2,000 of authorised capital and then at half of 1 per cent subsequently. "This duty is separate to the fees payable to the Chief Registrar, which range between £5 (for a £2,000 company) and a maximum of £100." In addition, it points out, there is no stamp duty on the island.

There is only one double taxation agreement between the U.K. and the Isle of Man. This allows individuals to reclaim tax credits withheld on U.K. dividends. Companies are excluded from this provision.

For a potential entrant the great drawback now to his tax status in the island (as it is in both Jersey and Guernsey) is that since the 1975 Finance Act, which was made retrospective to December 10, 1974, anyone leaving the UK and settling in the Isle of Man is liable to capital transfer tax. There is no doubt that this has had an effect on some people who might have considered moving to the island for tax reasons or merely to retire, but it is doubtful if it has had any effect on people wanting, or having, to go to pursue their work.

In order to benefit to the full from residence in the island individuals have to sell all their property in the UK and transfer it to the island (or elsewhere). For the UK government can levy CTT on goods remaining in the UK, but it is doubtful if it can, even under the 1975 Act, seek to claim tax on property wholly in the Isle on Man.

This observation is subject to a test case in the courts. Theoretically, the Isle of Man is a sovereign entity; in practice, the constitutional position of the island is a lot less clear. It is felt in the island that if the UK sought to pursue an action in the Manx courts it would be thrown out. But there are ways of bringing pressure without going to court, and it is possible action of this sort which worries some people, especially the tax exiles, considerably.

The decision of the Labour Party to send two members of its national executive to Jersey and Guernsey to investigate their tax-haven status was greeted with some consternation in the Isle of Man since any action against the Channel Islands would also be extended to the Manx position. The two MPs appear not to have been over concerned at the practices involved, which was some relief.

A.M.

Tourism lacks investment

THE Isle of Man tourist industry is sick. The exact nature of the ailment, or how it can be cured, is the subject of much debate, conflicting opinions, but not a lot of action.

The trouble is that too little capital has been spent on developing the island as a resort. Consequently, as it has become easier and cheaper to go abroad, so it has become relatively more expensive to go to the Isle of Man. The Isle of Man Steam Packet, up to now the sole conveyor of passengers by sea, and British Airways, the major air carrier, have had to shoulder the burden of criticism because they have pursued unimaginative marketing policies.

Another problem is that the Isle of Man has a short season. The TT motor cycle races are the main attraction of the year. Held in June they attract a "full house" and the very nature of the event and the worldwide interest means that little advertising effort is required to make the TT a success. It is the organisation of the event and the voluntary help by the local population which ensures the event is still regarded as "the greatest race in the world."

Some success has been obtained in attracting more package tours. Golden Isle Holidays, part of the Palace Group, has increased its business significantly in the last few years in this field.

There is also a demand, as in other holiday resorts, for self-catering accommodation, a sector in which Mr. Clifford Irving, chairman of the Tourist Board, has admitted that the Island has a "desperate shortage." Behind this lies a lack of co-operation over many years from other Manx Government Boards and small groups of local inhabitants who appear to care nothing for the tourist industry or any developments which might improve the facilities available to tourists. Up to now, for instance, the local council has been against conversion of the hotels on Douglas promenade to self-catering accommodation.

The Tourist Board has approved development schemes by private developers. An international golf course was proposed which would have taken a tenth of a desolate area called the Ayres. The company involved, Golf Services International, patiently went through the lengthy procdures required to obtain planning permission. Sir Peter Scott said the project was an act of conservation, but the local preservationists did not agree and the golf course was rejected, on appeal, because evidently the Planning Appeals Committee saw some imaginary thin edge of the wedge which might have led to further development.

There are certainly sites where self-catering complexes could be built and the Island needs the revenue that holidaymakers could bring in if only to help pay for the future welfare of its high proportion of retired people. Yet it is these retired people who object so strongly to any development.

For years there has been talk of the tourist industry moving up-market but the success has been minimal. As the old attractions have disappeared, marketing the island has relied more and more on the natural beauty of glens, beaches and mountains. Consequently, the type of tourist has changed but not significantly. More cars are coming to the Isle of Man but the total number of tourists is dwindling.

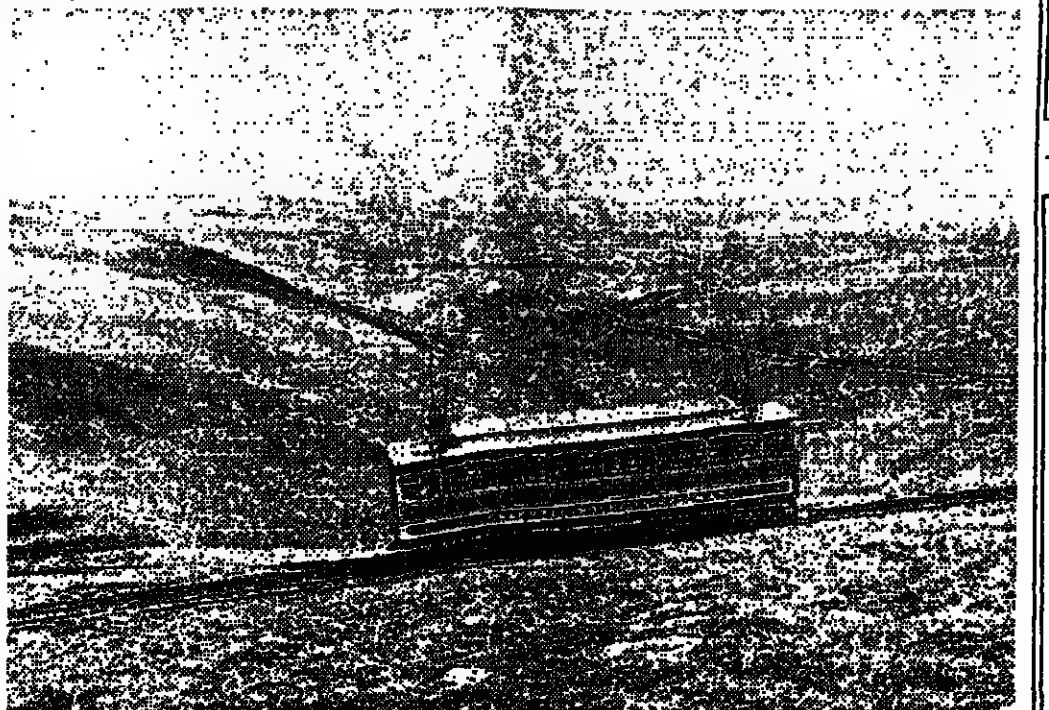
The tourist board is also looking for new markets according to Mr. Irving. Norway has the best potential. But Norwegians have come despite the tourist board, not because of it. Ireland is an enormous potential market, especially as there are strong Gaelic connections between the two countries. Yet it is only recently that the board has looked seriously at the Irish market.

The strange thing is that although the tourist board is not too happy with its progress in Ireland, individual hoteliers and tourist operators are delighted with their own efforts. For instance, the newly built Viking Aparthotel in Ramsey sent a representative to an exhibition in Dublin earlier this year and came back with bookings which helped to fill the 70 self-catering apartments to the end of September.

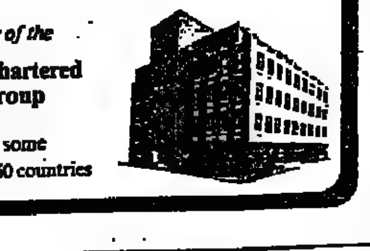
The Viking, the Villiers, the Palace, the Piccadilly, and many other successful hotels are largely responsible for their own marketing, and those who know how and where to market their accommodation are the most successful. The sad fact is that a few successful entrepreneurs do not arrest the decline in the total market.

If this year is reasonably successful the severe problems facing the industry will be avoided until 1980 because next year has been declared Millenium Year, to celebrate 1,000 years of continuous Parliament. There is exaggerated talk of a million visitors and everyone is expecting a bumper season. Tynwald has formed a Millenium Committee and every town and village on the Island is expected to do its duty and provide festivities. There is no doubt that Manxmen and women will rise to the occasion, however bogus it is. Many reputable authorities consider there has been a Parliament on the island for well over 1,000 years. But when it is over the same problem will remain—rescuing the tourist industry from decline.

David North



The Snaefell Mountain Railway which takes tourists to the top of the island's highest mountain.



WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Prices edge up in slow early trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 25.

AFTER a rather mixed opening, stock prices moved ahead in sluggish mid-session trading on Wall Street today.

The Dow Jones Industrial Average—off 0.26 at 10.30 a.m.—had chalked up a gain of 2.08 to

Closing prices and market *reports were not available* for this edition.

$40.00 by 1 p.m., while the NYSE All Common Stocks index advanced 17 cents to $54.53.

Volume was down 2.69m shares at 19.07m, with advancing issues outnumbering losing ones by about seven to five.

It appeared that money managers started buying on the market's weakness, which was brought on by fears of inflation and higher interest rates and the market's overbought condition after its recent surge.

Dymo Industries lost $1¼ to $30¼ after a delayed opening. Esselte said it had extended its tender offer for Dymo shares at $30 each until tomorrow.

Daylin yesterday dropped its $30 a share tender offer for Dymo shares after Esselte had raised its $24 bid to match the Daylin offer.

Studebaker-Worthington gained $1 to $62¾—it expects earnings this year to exceed last year's $8.75 per share.

Actively-traded Bally Manufacturing rose $1¼ to $34¾ and Natomas $1½ to $43⅞. Walgreen advanced $⅞ to $25¼—a Reuter talking point yesterday was bullish on the company's prospects after the sale of its Globe department stores.

Embart Corporation, which raised its quarterly dividend five cents to 50, rose $1¼ to $36½.

On the AMERICAN SE prices advanced in moderate early trading. At 1 p.m. the index was 0.34 ahead at 144.27. Volume amounted to 2.24m shares (2.39m).

Actively-traded Compac gained $1⅞ to $20⅜. The company said that two companies were studying possible tender offers for its stock.

Documation Inc., which earlier reported sharply higher first quarter earnings, was up $1¼ to $20⅝. Blount was up $2¼ to $13⅞.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
American Motors	375,900	5⅞	+⅛
Caesars World	354,000	19⅝	−1¼
Pepsico	277,100	29⅞	−½
Westinghouse Elect.	245,400	27½	−⅛
Polaroid	218,600	37⅜xd	−⅛
SCA Services	205,200	8⅞	+1
Fannie Mae	195,700	16⅞xd	−⅛
General Motors	197,000	59⅛	—
Bally	192,600	33⅞	+1
Trans-World Air.	188,500	18⅝	−⅛

OTHER MARKETS

AUSTRALIA—The market closed at its strongest this week, with big gains for some mining, industrial and speculative shares. The Sydney All Ordinary share index rose 2.66 to a 1978 "high" of 495.65.

BHP rose 18 cents to A$6.90. Bank of New South Wales 8 to A$5.96 and mining stocks Utah and Consolidated Goldfields 15 and 5 to A$4.10 and A$2.70 respectively.

Uraniums advanced, with Pancontinental rising 20 to A$14.40 and Kathleen Investments 9 to A$1.99. Oil shale speculation also attracted interest, with Central Pacific rising 50 cents to a new high of A$7.30 and Southern Pacific 25 to A$2.85.

ACI fell 2 cents to $A1.63 as its *takeover of Vulcan Industries progresses.* Vulcan fell five to A$2.

TOKYO—Shares closed slightly higher after profit-taking had pared early gains. Volume was steady at 260m shares (260m).

Many shares rose in the morning, extending Wednesday's rally, but profit-taking was attracted later.

Public Works, Machines and Motor Parts rose, but some Textiles, Pharmaceuticals and Shipping Lines fell on liquidations.

Cameras and some Vehicles and Electricals closed lower in line with the fall on Wall Street. Matsushita Electric fell Y7 to Y732, *Honda Motor Y4 to Y574,* Alps Electric Y44 to Y996 and Olympus Y4 to Y709.

Toyo Kogyo rose sharply initially on a local Press report that Ford Motor would discuss taking a stake in the company. It closed down Y8 at Y482 after profit-taking.

Hitachi rose Y2 to Y247 on active buying by institutional investors ahead of results. Other gainers included Ikegai Iron Works, Murata MFG, Nippon Columbia and Dai-Ichi Cement.

CANADA—Prices remained firm in early trading on Canadian stock markets yesterday. In Toronto, the Stock Exchange index was up 0.4 at 1,127.4 at mid-session, while in Montreal the composite index showed a gain of 0.09 to 191.28.

Golds were strong, the sector moving ahead 8.5 to 1,360.6, but Oils and Gas were weak and slipped back 3.3 to 1,364.6.

PARIS—Easier as operators began to assess the impact of a draft law on capital gains approved by the Cabinet yesterday and detailed by M. Maurice Papon, Budget Minister, on Wednesday night.

Operators generally felt that the lower exemption limits were *not wide enough, but viewed the* law overall as an improvement on the original one drafted in 1976.

Some support from large institutional investors *may have had* a steadying effect on the market. Chemicals, Constructions and Printers were the firmest sectors, while Hotels, Steels and Electricals showed no clear trend.

Banks, Foods, Cars, Oils and Stores were the sectors which brought the market down.

Block Bros. jumped C$1⅞ to C$35⅞. Oympia and York Developments plans a bid for Block Bros. shares at C$9 each.

Great-West Life added C$⅝ to C$98. Investors Group said it would make its C$100 a share offer for the company directly to shareholders.

Canray Resources picked up 4 cents to C$1.64 and Combined Metal Mines edged up ½ cent to 21 cents. The two intend to acquire a working interest in leases and a test well in Louisiana.

AMSTERDAM — Prices movements were mixed, with the *Transport sector making the* main gains, led by KLM which gained Fl 6.50 after heavy U.S. demand.

In Internationals, Akzo, Unilever and Royal Dutch all gained 10 cents, but Hoogovens slipped 70 cents to Fl 35.7 and Philips 20 cents to Fl 25.3.

The Industrial index moved up 0.2 to a 1978 "high" of 83.4.

GERMANY—Markets in Frankfurt, Munich, Stuttgart and Duesseldorf were closed for the Corpus Christi holiday. In Hamburg, *share price movements were* mixed in quiet trading, with Chemicals mostly lower led by Hoechst—down 60 pfennigs.

HONK KONG—The market closed mixed at the day's "highs" in fairly active trading, after an easier opening due to profit-taking.

Jardine Matheson eased ten cents to HK$13.20. Hong Kong Land and Swire Pacific five each to HK$7.85 and HK$6.50 respectively, and Wheelock Marden 2.5 to $HK2.45.

Hutchison Whampoa rose five cents to HK$4.70.

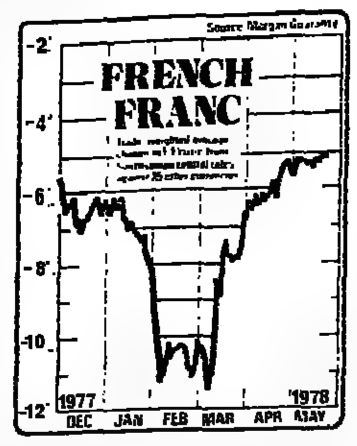
Market steady

Sterling lost a little ground against major European currencies in yesterday's foreign exchange market. Activity during the morning remained subdued with some continental centres closed. However, during the afternoon business picked up both in the spot and forward markets. Sterling opened at $1.8120-1.8130 and eased to $1.8110-1.8120 around noon, when the UK authorities announced their decision to terminate the market related formula for calculating MLR and to maintain the latter at its present 9 per cent, however taking into account market developments with regard to any future level.

At this point the pound lost further ground to $1.8080-1.8090 at which level the Bank of England probably gave a minimal amount of support. During the afternoon, a softer tendency in the U.S. dollar helped sterling to recover to $1.8155-1.8163 before closing at $1.8130-*1.8140, a rise of 10 points.* News of the UK's determination to maintain present limits for the public sector borrowing requirement, made in a letter of intent to the IMF, *had largely been* discounted and sterling's trade weighted index, which is calculated by the Bank of England, eased to 61.5 from 61.6.

The U.S dollar lost ground against most currencies and Morgan Guaranty's calculation of its trade weighted average depreciation, using noon rates in New York widened to 4.95 per cent from 4.74 per cent. Trading remained at a generally low level with U.S. trade figures for April due yesterday now postponed.

Gold lost $1¾ an ounce to $178-178¾ after some selling coming from New York in rather thin trading.



CURRENCY RATES

	Special Drawing Rights May 24	European Unit of Account May 24
Sterling	0.667641	0.668162
US dollar	1.21070	1.21180
Canadian	1.34963	1.34937
Austria sch	18.5419	18.5511
Belgian franc	40.2285	40.2651
Danish krone	6.92825	6.93842
Deutsche mark	2.57782	2.58056
Dutch guilder	2.75979	2.76209
French franc	5.65821	5.66374
Italian lira	1055.97	1056.89
Japanese yen	277.250	277.069
Norway krone	6.63585	6.63565
Spain peseta	98.4553	98.9200
Swedish krona	5.67152	5.67154
Swiss franc	2.38568	2.38750

EXCHANGE CROSS-RATES

May 25	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New York	46.97-99	—	21.43-45	[illegible]	[illegible]	45.[illegible]	[illegible]
Paris	219.05-55	4.6[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	15.[illegible]	33.16-21	7.10-12	[illegible]	[illegible]	[illegible]	[illegible]
London	[illegible]	1.8130-40	8.442-464	60.[illegible]		4.1[illegible]	[illegible]
Amsterdam	[illegible]	2.27[illegible]	4.75-80	[illegible]	4.1[illegible]		[illegible]
Zurich	92.217-333	1.[illegible]	41.926-974	[illegible]	[illegible]	[illegible]	

GOLD MARKET

FOREIGN EXCHANGES

EURO-CURRENCY INTEREST RATES

FORWARD RATES

OTHER MARKETS

Indices

NEW YORK DOW JONES

	May 24	May 25	May 22	May 19	May 18	May 17	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrials	857.82	845.29	855.42	846.86	850.82	856.37	858.37 (17/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.19	88.51	88.51	88.47	88.58	88.55	[illegible] (4/1)	88.19 (24/5)	—	—
Transport	224.88	227.80	231.30	229.16	230.81	231.25	231.80 (22/5)	199.61 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.05	104.38	104.87	104.26	104.62	104.06	110.98 (3/1)	102.84 (22/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	31,450	33,280	28,700	34,360	42,270	45,480	—	—	—	—

*Basis of index changed from August 24

	May 19	May 12	May 5	Year ago (approx.)
Ind. div. yield %	5.48	5.61	5.61	4.89

STANDARD AND POORS

	May 24	May 23	May 22	May 19	May 18	May 17	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	107.58	108.47	109.70	108.52	109.11	110.51	110.51 (17/5)	[illegible] (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	97.08	98.05	99.09	98.12	98.82	99.60	99.60 (17/5)	86.90 (6/3)	125.46 (11/1/73)	4.40 (1/6/32)

	May 17	May 10	May 3	Year ago (approx.)
Ind. div. yield %	4.85	5.04	5.02	4.54
Ind. P/E Ratio	9.83	9.16	9.18	10.57
Long Govt. Bond yield	8.42	8.43	8.39	7.72

N.Y.S.E. ALL COMMON

May 24	May 23	May 22	May 19	1978 High	1978 Low
54.36	54.90	55.45	54.86	55.60 (17/5)	48.37 (6/3)

Rises and Falls	May 24	May 23	May 22
Issues traded	1,895	1,922	1,912
Rises	300	471	922
Falls	1,246	1,029	592
Unchanged	349	422	398
New Highs	21	86	105
New Lows	60	45	38

MONTREAL

	May 24	May 23	May 22	May 19	1978 High	1978 Low
Industrial	—	183.61	(c)	182.89	183.61 (23/5)	162.60 (18/2)
Combined	—	192.86	(c)	191.72	192.86 (23/5)	170.82 (30/1)

TORONTO						
Composite	1127.0	1136.3	(c)	1128.5	1136.5 (23/5)	984.2 (30/1)

JOHANNESBURG						
Gold	211.9	212.7	210.1	205.2	218.7 (1/2)	161.0 (25/4)
Industrials	224.4	225.7	225.3	222.6	224.4 (24/5)	194.3 (13/4)

	May 25	Previous	1978 High	1978 Low
Australia(†)	495.65	492.99	495.65 (25/5)	441.19 (1/3)
Belgium (¶)	96.38	95.57	101.18 (8/3)	90.43 (25/1)
Denmark (**)	95.29	96.42	[illegible] (9/1)	[illegible] (6/2)
France (††)	67.8	[illegible]	[illegible] (28/4)	[illegible] (3/2)
Germany(‡‡)	(c)	786.2	[illegible]	[illegible] (17/5)
Holland (§§)	85.5	[illegible]	[illegible]	[illegible] (4/4)
Hong Kong (§§)	470.19	411.14	471.14 (24/5)	383.44 (12/1)
Italy (||)	65.50	[illegible]	[illegible] (22/5)	[illegible] (10/1)
Japan (a)	409.35	408.56	[illegible] (19/4)	364.04 (4/1)
Singapore (b)	314.68	314.16	315.33 (19/5)	263.0 (1/30)

	May 25	Previous	1978 High	1978 Low
Spain (d)	(a)	103.15	110.72 (4/5)	87.86 (1/3)
Sweden (e)	369.80	372.3	387.45 (5/5)	325.74 (4/1)
Switzerl'd (f)	291.5	291.2	315.7 (1/2)	279.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds ‡ 400 Industrials § 400 Inds 40 Utilities, 40 Finance and 20 Transport (†) Sydney All Ord (¶) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73 (††) Paris Bourse 1961 (‡‡) Commerzbank Dec., 1953 (§§) Amsterdam Industrial 1970. (§§) Hang Seng Bank 31/7/64 (||) Milan 2/1/73 (a) Tokyo New SE 4/1/68. (b) Straits Times 1966 (c) Closed. (d) Madrid SE 30/12/77 (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated; yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ♦ Frs 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—110¼% (111¼%)
Effective rate (1.8135) 46¼% (47¼%)

NEW YORK

CANADA

GERMANY ◆

AMSTERDAM

COPENHAGEN ♣

VIENNA

TOKYO ¶

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

SWITZERLAND ●

MILAN

AUSTRALIA

PARIS

STOCKHOLM

BRAZIL

OSLO

JOHANNESBURG

Securities Rand U.S.$ 0.71
(Discount of 37.8%)

SPAIN ♥

FARMING AND RAW MATERIALS

Progress with U.S. Bill to sell tin, buy copper

BY OUR COMMODITIES EDITOR

THE U.S. Senate Armed Services Committee yesterday approved a stockpile sales Bill providing for disposal of 35,000 long tons of tin and the purchase of 225,000 tons of copper.

This is seen as a major breakthrough in attempts to persuade Congress to approve the new stockpile targets involving the sale of certain commodities considered to be in surplus and acquiring others in deficit.

The Bill had been approved by the panel's stockpiles subcommittee, in the identical form. But there was no immediate indication when the Commodities Bill would reach the full Senate for consideration.

The proposed purchase of copper, among other items to be added to the stockpile, would be provided for out of a total authorisation of $579m for acquisitions contained in the Bill.

On the sales side, apart from tin the bill provides for sale of 15m ounces of silver, 4m carats of industrial diamonds as well as 2,000 short tons of asbestos; 1,500 short tons of antimony; 25,000 lbs of mica; 20,000 short tons of aluminium oxide; 5,000 pieces of diamond dyes; 750,000 lbs of castor oil; 300,000 lbs of bismuth and 450,000 lbs of iodine.

Earlier news that the House banking committee had delayed consideration of a Bill to authorise a 5,000 long ton stockpile tin contribution to the International Tin Council buffer stock caused some confusion in the market.

Tin prices moved erratically on the London Metal Exchange. They rose initially on a rise in the Panang market overnight, a tightening in the nearby supply situation and the banking committee delay. But in later trading some of the earlier gains were lost and cash tin closed only £80 up at £6,505 a tonne, while the three months quotation was £[illegible] higher at £6,387.

Copper prices were depressed by the Union Minière statement that it would help Gecamines restart mining in Zaire, and the news that a team of experts had been sent to see how to re-open the Kolwezi copper mines. It was noted that a sharp drop in copper supplies to the company's Hoboken refinery was predicted.

But prices recovered to close only marginally lower following approval of the Bill to authorise stockpile purchases of copper.

Tin stockpile policy attacked

BY WONG SULONG

KUALA LUMPUR, May 25.

MALAYSIAN TIN miners, who have been complaining over the high level of taxation during the past week, today directed their criticism towards the U.S. plans to release stockpiled tin.

Mr. Rahim Aki, chief executive of Malaysian Mining Corporation, the biggest tin mining group in the world, and president of the States of Malaya Chamber of Mines, told miners at their annual meeting here today that the uncertainties created by the announcement of the probability of tin releases has been a depressing factor on tin prices in recent months.

"While legislation governing these releases has not been clarified to date, without even a single ton of tin being made available for sale, or even the prospect of such a release programme being authorised, tin prices have recently slumped to their lowest levels in 10 months due to the confusion caused by the multiplicity of Bills being presented to Congress on the question of stockpile releases."

Mr. Rahim said while miners recognised the right of the U.S. Government to do whatever it wanted with its stockpile, tin producers hoped consultation on releases would be made with the International Tin Council, to ensure they did not disrupt the market.

Mr. Rahim's comments appear to reflect the belief among Malaysian miners that the U.S. Administration has been deliberately vague about its tin releases in order to depress markets.

On domestic problems of the Malaysian tin industry, he said the difficulty in obtaining new mining land, delays in renewing mining leases and the high level of taxation remained the industry's biggest concern. These remained "unrectified over the past year."

He called on the Federal Government to formulate a national minerals policy, that would enable the efficient rationalisation, allocation and conservation of Malaysia's tin resources.

Jordan uranium study

BY OUR OWN CORRESPONDENT

INITIAL INVESTIGATIONS by Jordanian and foreign experts indicate that the uranium content of Jordanian phosphate rock is the second highest in the world, following Moroccan rock phosphate, and is probably conducive to commercial extraction efforts in conjunction with the new chemical fertiliser plant now being built at the country's southern port of Aqaba.

There are also indications that some of the high-quality Jordanian phopsphates in the northern Ruseifa and Zarqa belt may contain the world's highest known concentration of uranium in phosphate rock, reaching 240 particles per million.

There are no plans of any sort among Jordanian officials to press ahead with exploring the possibilities of extracting uranium from phosphate rock. But it is likely that a technical committee may be established soon to look into the matter in detail. Technical equipment necessary for analysing the uranium content of phosphate rock has already been ordered by the State-owned Phosphate Company.

Officials here believe that similar research well underway in the U.S., Morocco and Israel indicates that the most feasible process to be used to exploit the uranium in phosphate rock is "solvent extraction." This involves extracting uranium from the by-product and residues that result from producing phosphoric acid, which is essential for producing chemical fertilisers, and which will be produced in large quantities at the Aqaba chemical fertiliser plant that is expected to start production in mid-1984.

Initial investigations also indicate other rare minerals found in Jordanian phosphate include francolite, fluorapatite, nickel, titanium, vanadium, chrome and strontium. But these occurences in the local phosphate rock have been known about for many years, and extensive technical investigations are required before any concrete steps can be taken to exploit them.

Coffee frost fears persist

By Richard Mooney

LONDON COFFEE futures values maintained their recent strength yesterday with the July position climbing to £1,712 a tonne at one stage. Profit-taking set in at this level and July coffee slipped back to £1,665 in the afternoon. But renewed buying boosted the price to £1,672.5 a tonne, up £34.5, at the close. July coffee has advanced by over £120 a tonne since Monday.

There was no fundamental news to account for yesterday's rise which dealers said reflected continued nervousness following reports of isolated light frosts in southern Brazil on Monday night. This was the second frost scare of the season and although coffee growing areas have not yet been affected, traders in London and New York have adopted a much more cautious attitude. Few seem willing to carry "short" positions over the coming Bank Holiday weekend.

But most experts agree that it is still far too early to worry about a serious frost threat to the Brazilian coffee crop. Of more immediate concern is the damage done to Brazil's coffee growing potential by the drought which ended a week ago. Sr. Camillo Calazans, president of the Brazilian Coffee Institute, said recently that current crop expectations had been reduced by about 2m bags (60 kilos each) to not more than 18m bags as a result, and this week he warned that the country's coffee export ceiling of 12m bags would probably have to be reduced.

The Institute yesterday announced a $3 rise to $97 in the "contribution quota" (export tax) on Brazilian coffee. But this merely reflected another devaluation of the cruzeiro and had no effect on world market prices.

In Nairobi meanwhile, Mr. Jeremiah Nyagah, Kenyan agriculture minister, said the country's 1978/79 coffee crop will be down by about 25 per cent because of heavy rain. Kenyan coffee production reached its peak of 101,000 tonnes in 1976/1977.

China to buy Australian iron ore

CANBERRA, May 25.

AUSTRALIA WILL export 4m tonnes of iron ore to China this year, double last year's sales, Mr. Doug Anthony, the Deputy Prime Minister, said here.

In answer to a Parliamentary question, Mr. Anthony said that during a recent visit to China he learned of Chinese interest in buying iron ore.

Strike halts NZ lamb exports

BY OUR OWN CORRESPONDENT

May 25.

NEW ZEALAND shipments of lamb for Britain were halted at more than half New Zealand's abattoirs today as meat workers imposed a loading ban on meat for export. More works are expected to apply the ban later in the week.

Killing is still going on, but if the ban is maintained for more than a few days, storage space will run out and slaughtering will have to slow down or possibly stop.

The unions have imposed the ban on loading in support of a claim for back-pay and incentive payments for piece-workers in the slaughterhouses. The meat companies say that payment will cost millions of dollars, which the industry cannot afford in present economic circumstances.

The union has refused to take its case to arbitration.

Christopher Parkes adds: Dr. William Bullen, chairman of Borthwicks, the troubled company which handles most of the lamb supplied by New Zealand for the British market, said his company would be affected quite severely, although none of its four slaughterhouses had yet been hit by the loading ban.

He criticised the New Zealand Premier's handling of the recent troubles in the meat industry. Mr. Robert Muldoon recently imposed a settlement after protracted troubles.

The meat industry resented his interference because he forbade companies to recoup the cost of the pay deal from the market. Dr. Bullen said Mr. Muldoon's action was "a grave mistake."

The unions now appeared to believe that if they had a problem they could get it settled by going to the man at the top. "There is an election in November, and the whole issue is now being disrupted by these political influences," Dr. Bullen said.

The Prime Minister's "think tank" and leading figures from the New Zealand meat industry are to hold a strategy meeting in Wellington on June 6 to attempt to hammer out a longer-term solution to the problems of the meat business.

Officials at the New Zealand Meat Producers Board in London said that while there was no danger of a shortage of New Zealand lamb in the U.K., this fresh disruption in the meat trade was "disturbing."

There are now 17,000 tonnes of New Zealand lamb in store in the U.K. compared with 20,200 tonnes at this time last year, and relatively little in transit. Demand for imported lamb has been strengthened this spring by high prices for home produced lamb and beef.

● The Ministry of Agriculture is to sell 1,000 tonnes of beef from the intervention freezers to hospitals, orphanages and similar establishments at prices ranging from 14p a pound for lowest grade stewing cuts to 91p a pound for the best quality joints.

The offer will remain open for six months, and the buyers must undertake not to resell it and—more significantly—to ensure that this cheap beef is used as additional meat consumption and does not displace existing consumption.

Mr. John Silkin, Minister of Agriculture, has been asked to "review immediately" the increasing imports of Irish beef and veal into Britain.

Mr. Douglas Henderson, Scottish National MP for Aberdeenshire East, complained in a letter to Mr. Silkin that last year's sharp rise in imports from the Irish Republic was threatening the livelihood of meat producers in Scotland.

Imports of beef and veal from Ireland amounted to 96,000 tonnes in 1975, 80,000 tonnes in 1976 and 129,000 tonnes last year.

Cold spring delays new potatoes

By Christopher Parkes

THIS YEAR'S home-grown crop of new potatoes is about 10 days late, delayed by a cold spring. But when supplies begin reaching the shops buyers can expect to pay about 20p a pound for first shipments from Pembrokeshire and Cornwall, Mr. Geoffrey Grantham, chairman of the Potato Marketing Board, said in London yesterday.

Frosts had caused havoc in Jersey, he said, and total supplies of earlies from there this year would probably be only 30,000 tonnes compared with 40,000 tonnes in a normal season.

Mr. Grantham said he was not "unduly depressed" by evidence that maincrop potato growers had not followed advice from the Ministry of Agriculture to reduce plantings.

The national target potato area this year was 172,000 hectares, but more than 180,000 hectares had been planted.

U.S. AGRICULTURAL POLICY

Nutrition now the main priority

BY MARY CHERRY

ONE EFFECT of the birth of the America Agriculture Movement last October, the subsequent hullabaloo in Washington and the abortive Farm Bill last month has been to divert attention away from some very significant changes in U.S. policy embodied in the 1977 Food and Agriculture Act.

Essentially, they represent a swing towards much greater emphasis on consumer needs and their effect is being felt initially in the research, training and teaching spheres of the U.S. Department of Agriculture.

The previous administration was orientated mainly towards production—and some would argue that over-enthusiasm in that direction was to blame for the present financial plight of many younger farmers now active in the America Agriculture Movement.

Mr. Bob Bergland, U.S. Agriculture Secretary, took office in markedly different world markets conditions with a different climate of U.S. public opinion. Appointment of Mr. Carol Foreman (a dedicated nutritionist) as Assistant Secretary for Food and Consumer Services, and Dr. Rupert Cutler (an environmentalist and forestry man) as Assistant Secretary shift towards marked conservation, research and education. It gave early warning of the new trend in American agriculture and food policies.

Human nutrition research is now very high on the agenda and generous finance is being diverted in this direction. This implies inevitable cuts in expenditure on research of a more traditional agricultural nature. Research will cover not only dietary needs and dangers, but also more socially-orientated investigations into why people eat what they do.

The need for Americans—particularly the young—to adjust both the type and quantity of their nutrition is all too evident. Fattening foods are obviously market winners.

The eventual outcome of this nutritional research must be a change in public demand and hence an influence on the market for major products. If not, the exercise will have been meaningless. This would surely be felt mainly in the cereal sector (since Americans clearly over-eat starch) where the U.S. is already conscious of mounting stocks despite a set-aside programme. One would also expect it to have its effect on demand for dairy products.

On the other hand Americans already treat lettuce (smothered with one of an array of fattening dressings) as something approaching an obligatory constituent of a main meal, so there is not much scope for a swing to vegetables. But for a country that grows delicious fruits and vegetables in California and Florida, the average American family's consumption level seems low.

Any effect on agricultural and horticultural production will be slow. At least that is Washington's answer to anxious producers or marketing men.

However, Mr. Carol Foreman's declared objective is a national food and nutrition policy which should and would positively influence production policy.

Possible side-effects of this could be many. It is a fact of life that the poor and the young over-eat some foods because they are the cheapest, while some of the nutritionally desirable foods may be beyond their means. So, either by improved production technology or Government manipulation of price, the latter will have to be made cheaper.

Justified or not, some sectors of the food marketing industry are already worried that this will mean the Government assuming an increasingly regulatory function in food.

The opposite question is what is to be done with starch that is in excess of market demand? Or dairy products and commodities similarly affected? In the case of cereals, at least, the greater part of the acreage grown is in areas well suited to cereals and much less suited to other crops. Work has long been under way to develop non-food uses for starch, industrial uses for cellulose and so on. This diversification must assume even greater importance if producers are to remain profitable.

Agricultural producers have a vastly diminished power in U.S. internal politics. There are now virtually no Congressmen dependent on farm votes, but their trump card—which no U.S. administration can ignore—is the great importance of U.S. food and feed exports to the U.S. economy.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—A shade easier on the London Metal Exchange. After opening lower at 760, owing to a disappointing overnight Comex, forward metal rallied to £770 following trade buying and rumours of imminent news regarding possible GSA purchases of copper. This trend was reversed, however, as profit-taking, prompted by talk that less damage had been done to the Zaire mines than was first thought, took the price down to £758. In the afternoon, bear covering enabled values to stage a fresh recovery with forward material finally £762 on the late Kerb. Turnover: 35,450 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	†+or —
	£	£	£	£
Wirebars				
Cash	745-.5	—2.5	741.5-2.5	—2.5
3 months	765-.5	—2	762-.5	—2
Settlem'nt	745.5	—2.5	—	......
Cathodes				
Cash	735.5-6	—.75	734.5-5.5	+5
3 months	757.5-8	+5.25	754.5	—5.5
Settlem'nt	736	—1	—	......
U.S. Smlt.	—	......	64	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £745, three months £766, 67, 66.5, 66, 65.5, 65, 66.5. Cathodes, three months £757, 57.5, 58. Kerb: Wirebars: three months £765, 64.5. Afternoon: Wirebars, three months £758, 59, 59.5, 59, 59.5, 61, 62, 63, 62.5. Kerb: Wirebars, three months £763, 63.5, 64, 63.5, 63, 62.5, 62.

TIN—Erratic. Forward standard metal opened easier at £6,310 but then lifted to £6,380 owing to a firmer Penang price coupled with bear covering. Also influencing sentiment was a widening in the backwardation to £110 at one point. In the afternoon the price moved erratically, moving up to £6,420 on news of the possibility that the bill to approve the contribution of 5,000 tonnes to the ITC will be delayed, but then dropping back to £6,375 as further news reported the Senate approval of the disposal of 35,000 tonnes from the GSA stockpile. Short covering then saw the price harden to close at £6,385 on the late Kerb. Turnover: 1,135 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	†+or —
High Grade	£	£	£	£
Cash	6490-510	+15	6500-20	[illegible]
3 months	6395-400	+42.5	6400-20	+40
Settlem't	6510	+10	—	......
Standard				
Cash	6475-500	+50	6500-10	[illegible]
3 months	[illegible]	+42.5	6385-90	[illegible]
Settlem't	6500	+70	—	......
Straits E.	[illegible]	+10	—	......
New York	—	......		......

Morning: Standard, cash £6,470, three months £6,370, 75, 80, 75. High Grade, three months £6,495. Kerb: Standard, cash £6,500, three months £6,370, 75, 80. Afternoon: Standard, three months £6,380, 6,400, 10, 20, 10, £6,385, 80, 75, 80, 85, 90, 85. Kerb: Standard, three months £6,385 [illegible]

[illegible]

.G. Index Limited 01-351 3466. September Coffee 1579-1594.
29 Lamont Road, London, SW10 0HS.

1. Tax-free trading on commodity futures
2. The commodity futures market for the smaller investor

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
ATT	$55	6¼	—	6½	—	6½	—	$61
ATT	$60	1⅞	—	2⅝	10	2⅞	10	„
ATT	$65	⅜	—	½	—	1	—	„
Citicorp	$20	4¼	—	4½	—	4⅞	—	$23⅞
Citicorp	$25	⅞	—	1⅝	—	2½	10	„
E. Kodak	$40	14¾	—	14¾	—	15¼	—	$54⅝
E. Kodak	$45	10½	1	10½	5	11¾	—	„
[illegible]								
Philips	F25.00	1.40	—	1.80	10	2.60	10	„
Philips	F27.50	0.40	10	1.00	—	1.80	39	„
R. D. Shell	F120	8.80	—	11.00	12	12.00	7	F127.10
R. D. Shell	F130	2.20	45	4.40	2	6.00	1	„
R. D. Shell	F140	0.60	—	1.40	50	2.00	1	„
Unilever	F110	6.00	3	7.70	11	9.00	—	F113.70
Unilever	F120	1.00	0	2.50	—	3.50	2	„
Unilever	F150	—	—	0.30	—	1.00	—	„

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

JUTE

[illegible]

EEC DAILY IMPORT LEVIES—EEC levies and premiums are effective for May 26 as follows in units of account a tonne. In order current levy plus June, July and Aug. premiums (with previous in brackets): Common wheat—125.99, nil, nil, 0.62 (127.24, nil, nil, 1.00). Rye—78.87, nil, nil, nil (79.61, nil, nil, nil). Barley—71.52, nil, nil, nil (72.00, nil, nil, nil). [illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

VEGETABLE OILS

[illegible]

COTTON

[illegible]

buying support. African styles were also a feature.

WOOL FUTURES

LONDON—The market was dull and featureless Bache reports.

(Pence per kilo)

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

Prices per tonne unless otherwise stated.

	May 25 1978	+ or —	Month ago
[illegible]			

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Copper falls metals up

NEW YORK, May 24.

COPPER CLOSED lower on trade selling, despite proposal to expand stockpile. Precious Metals closed lower on speculative liquidation following the U.S. Treasury's gold auction and expectation of an improved balance of trade deficit. Sugar remained steady on continued industrial price-fixing.

Cocoa—July 136.75 (135.25), Sept. 133.35 (131.95), Dec. 129.35, March 126.75, May 124.70, July 122.66, Sept. 120.65. Sales: 705 lots.

Coffee—"C" Contract: May expired, July 158.75 (153.24), Sept. 157.75 (153.75), Dec. 150.00 bid, March 142.25 bid, May 138.50 bid July 135.00 bid, Sept. 132.00 bid. Sales: 634 lots.

Copper—May 61.90 (same), June 61.90 (62.00), July 62.50, Sept. 63.60, Dec. 65.10, Jan. 65.60, March 66.60, May 67.60, July 68.60 Sept. 69.60, Dec. 71.10, Jan. 71.60, March 72.60. Sales: 8,500 lots.

Cotton—No. 2: July 60.52 (61.07), Oct. 62.75 (62.92), Dec. 64.00-64.05, March 65.00, May 65.55-65.65, July 66.10-66.20, Oct. 65.50. Sales: 505,000 bales.

*Gold—May 179.20 (181.30), June 179.40 (181.60), July 180.60, Aug. 182.00, Oct. 184.70, Dec. 187.40 Feb. 190.10, April 192.80, June 195.60, Aug. 198.40, Oct. 201.20, Dec. 204.10, Feb. 207.00. Sales: 11,500 lots.

†Lard—Chicago loose 22.37 (unavail.). New York prime steam 24.37 traded (24.12).

††Maize—July 261¾-262 (263), Sept. 261½-261¾ (262¾), Dec. 266-265½, March 272-271¾, May 273¾, July 274.

§Platinum—July 244.70-245.30 (251.80), Oct. 245.20-245.70 (251.60), Jan. 246.20-246.50, April 247.10-247.30, July 249.50, Oct. 251.30-251.50, Jan. 253.60-253.80. Sales: [illegible]

[illegible]

STOCK EXCHANGE REPORT

ICI first-quarter figures underpin equity markets

Gilts unimpressed by reversion to old-style bank rate

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
May 15	May 25	May 26	Jun. 7
May 30	Jun. 8	Jun. 9	Jun. 20
Jun. 12	Jun. 22	Jun. 23	July 4

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

On a day crowded with trading statements from top-name concerns, equity markets edged forward cautiously. Courtaulds, the first to report, gave the market encouragement but the absence of any share split proposals from Beecham took the edge off the rise before ICI restored confidence with three-months' figures well above expectations.

Situation issues apart, the level of trade was rather small and the number of markings illustrated this at 4,479. ICI topped the active stocks list, of course, and closed with a net gain of 10 at 388p, after having been 7 down at one stage. Courtaulds improved 3 to 126p but Beecham settled slightly easier at 655p, after 667p.

British Funds were not without events and these included the authorities' decision to revert to the old-style bank rate, a move recently mooted in the City, holding Minimum Lending Rate this week at 9 per cent and subsequently activating the short tap, again not an unexpected development, at a level below that of last week's issue price.

Before the market could get too keyed up, however, the lack of the hoped-for financial measures in Mr. Healey's letter of intent to the International Monetary Fund caused a renewal of recent funding worries, and political uncertainty was engendered late by the announcement that the Lib-Lab pact is to end with the present Parliamentary session.

The announcement of three new offers rekindled speculative interest in a handful of prospective bid candidates, but contrasting double-figure falls in Insurance Brokers were the result of Alexander Howden's surprise £26m rights issue; accordingly the FT-Actuaries index for the sub-section fell 3.5 per cent to 333.37.

Gilts close uncertain

The change in MLR arrangements and subsequent activation of the short tap Exchequer 11¼ per cent "A" 1982 at 95½ gave rise to fresh hope of pending financial curbs. But as these were not contained in the U.K.'s letter of intent to the IMF, the market in Gilt-edged securities lost heart. The shorter maturities then began to surrender earlier gains, which had followed the Government broker's action in selling and then withdrawing a reduced price for supplies of the stock, issued last week at 94¾. Of lesser importance at this end of the market was exhaustion of the Treasury Variable 1982 issue. Medium and longer-dated securities were subdued again and without feature apart from a switching operation involving the Government broker and the long tap Exchequer 12 per cent 1998 (£65-paid). Success of the small £5m Barnet 12¼ per cent 1987 loan, which was over-subscribed, heartened Corporations, often ¼ better.

ICI featured Traded Options with some substantial gains in the rates following the better-than-expected first-quarter report; the July 330 jumped 12 to 62. Most Marks and Spencer positions also made headway on the chairman's comments about buoyant current-year trading conditions. The heaviest traded stock was Coutraulds with 209 trades followed by ICI with 164 and Commercial Union with 136. Overall, trades totalled 758.

The investment currency premium drifted lower and ended ¾ down at 110½ per cent after another quiet day's trade.

Eurotherm International inevitably saw a much quieter trade after the previous day's hectic start, but investment demand continued and the shares closed 4 higher at 152p compared with the offer price of 100p.

Alex. Howden fall

The surprise announcement of a proposed £26m rights issue from Alexander Howden led to sharp falls in insurance brokers; Howden quickly fell away to close 13 down at 165p, while sympathetic reactions of 11 and 10 respectively were seen in Minet at 192p and C. E. Heath at 278p. Sedgwick Forbes also closed 10 off, at 400p. Hogg Robinson shed 6 to 184p and Willis Faber 3 to 255p. Composites closed mixed with Phoenix 2 easier at 254p following the slightly disappointing first-quarter figures.

Home Banks turned reactionary in thin trading. NatWest gave up 6 to 272p and Midland lost 5 to 370p as did Lloyds to 280p, while Barclays ended 3 off at 337p. Among Merchant Banks, Minster Assets softened 1½ to 63p following the disappointing annual results.

Breweries moved into higher ground in the wake of the better-than-expected interim statement from Bass Charrington which touched a 1978 peak of 171p before closing 5 up on balance at 170p.

Among buildings, Johnson-Richards Tiles fell 29 to 105p after the announcement that the proposed acquisition by Hepworth Ceramic had been referred to the Monopolies Commission. Hepworth closed 5 dearer at 85p. In contrast, Wettern Brothers jumped 27 to 95p on news of the offer of 95p cash from W. J. Glossop; the latter eased slightly to 60p. Chairmen's statements gave rise to improvements in London Brick, 4 better at 71½p, and Richard Costain, 8 to the good at 290p. Ahead of next week's annual results, Norwest Holst firmed 7 to 96p. Taylor Woodrow added 10 to 378p in the general upturn in late trading. Nottingham Brick, 270p, and G. H. Downing, 212p, both closed around 5 higher on buying in thin markets, while Magnet and Southerns finished 6 higher at 200p.

Standing around 7 easier immediately in front of the first-quarter figures, ICI rebounded on the announcement and closed 10 higher at the day's best of 388p. Fisons, initially dull at 355p, rose in sympathy to finish 4 better on balance at 364p. Elsewhere in the leaders, Albright and Wilson eased a couple of pence to 164p on further consideration of the offer from Tenneco. International Paint firmed 2 to 75p in response to the annual results. Buyers came in for Hickson and Welch which put on 15 to 223p in a restricted market, but Alginate eased 3 more to 257p for a two-day fall of 21 following the chairman's profits warning.

Marks & Spencer up

Sentiment in Stores remained buoyed by Wednesday's bullish annual statement from the chairman of Marks and Spencer. Prices made further progress in thin trading and M and S rose 4 more to 143p, after 144p. House of Fraser improved 3 to 144p following the first-quarter figures, while Gussies A hardened 2 to 278p and Debenhams put on a penny to 95p, after 96p. Elsewhere, Freemans (London) gained 6 to 322p in response to the chairman's encouraging remarks about current-year trading. Wilkinson Warburton came on offer at 68p, down 4.

Electricals rarely moved far from the overnight levels, although Rotaflex (GB) managed a rise of 5 to 55p on small buying in a thin market. Gains of 3 were seen in Newman Industries, 90p, and Racal Electronics, 237p, but Philips' Lamp mirrored overseas advices with a fall of 15 more to 895p.

Attracting fresh investment and speculative demand ahead of forthcoming preliminary results, John Brown rose 6 more to 372p among quietly firm Engineering leaders. GKN added a similar amount to 270p and Tubes put on 3 to 373p, after 382p. W. Henshall (Addlestone) stood out among secondary issues, rising 6½ to 27½p following the 30p per share cash offer from Petford which counters the 20p per share already offered by Boy-Bourne. Bullough gained 7 to 143p and Hall rose 5 to 99p.

Interest in Foods was largely confined to secondary issues which closed firmly following a reasonable trade. Linfood featured with a rise of 10 to 138p. Other firm spots took in Associated Biscuit, 2 up at 84p, and Kwik Save Discount, 3 higher at 80p.

C. & C. Laundries jump

Interest in the miscellaneous Indusrtial sector was considerably enlivened by a lengthy list of company trading statements and a new bid situation. The absence of any share-slimming proposals with the satisfactory preliminary figures provided the main reason why Beecham reacted from a firm level of 667 to 633p before closing 2 cheaper on the day at 655p. Other leaders generally moved higher in sympathy with ICI's first-quarter performance. Bowater added 3 at 193p and Turner and Newall closed a similar amount dearer at 184p, while Rank Organisation ended 4 to the good at 268p. Elsewhere, Capital and County Laundries were marked sharply higher in response to the bid from Johnson Group Cleaners, 3 lower at 94p, after 91p; the C and C ordinary jumped 97 to 148p, the 4.55 preference 30 to 57p and the 5.6 preference 44 to 70p. William Press firmed 2 to 24p following the favourable results and Polymark International hardened 1½ to 56½p for a similar reason. Gomme, however, lost 3½ to 72p following the disappointing interim results and Caravans International fell 6½ to 75p on the chairman's warning that second half profits will not match the comparable period last year. Francis Sumner declined 2½ to 14½p, after 14p, following the profits setback and ICL cheapened a penny to 297p after reporting interim figures in line with expectations. Further consideration of the disappointing interim results left Avon Rubber down 5 more at 183p. Crosby House, a firm market of late on bid hopes, met profit-taking and declined 6 to 157p, but North Sea oil stock I. C. Gas found support at 383p, up 10.

Associated Engineering provided an isolated dull feature in Motors and Distributors, falling 6 to 115p on disappointment with the interim report. Charles Hurst were dull at 73p, down 5, after acquisition news, but renewed support raised Henlys a like amount to 132p. Automotive Products were active and 4 better at a 1978 peak of 141p.

In Paper Printings, McCorquodale, 2 up at 272p, continued firmly ahead of interim figures due early next month, while Richard Clay firmed 4 to 79p on new time buying in a thin market.

Properties firm

Properties closed firmly after a good turnover. Particular interest was shown in English Property, which rose 3 to 41p; and the company's statement about possible bid talks came well after market hours. MEPC added 2 more to 129p in further response to the higher half-year earnings. Small buying in a thin market left Evans of Leeds 3 dearer at 100p, but Jermyn, also thinly traded, eased 2 to 35p. Details of the Unigate's agreed bid for Carding Group, dealings in which were suspended on Monday at 20p, came after market hours.

Oils were irregular prior to the late general upturn after which British Petroleum closed 6 up at 886p and Shell 4 to the good at 560p. Burmah, slightly easier for most of the session, closed a net penny better at 69p. Siebens UK, again traded actively and rebounded after early profit-taking to close 14 up at the day's best of 414p. Sympathetic gains were seen in CCP North Sea, 900p, and Cluff Oil, 400p, which added 62 and 35 respectively.

Investment Trusts closed with small mixed movements. New Throgmorton Capital rose 4 to 91p on the increased earnings, while similar gains were seen in Camellia Investments, 252p, and M. and G. Dual Capital, 110p. Dualvest Capital were raised 7 to 200p.

Furness Withy came on offer in Shippings, losing 8 to 271p after the previous day's rise of 13.

Proceedings in Textiles were dominated by the performance of Courtaulds which hardened 3 to 126p on the optimistic statement which accompanied the preliminary figures. Carpets International ended a like amount up at 53p following the chairman's review of the company's prospects, while Homfray closed a penny firmer at 42p despite the first-half profits setback.

Australians buoyant

Australian mining issues continued to surge ahead in hectic trading yesterday. A strong showing in overnight Sydney and Melbourne markets saw prices marked up sharply at the outset of business.

Thereafter, a heavy speculative and investment demand from London sources pushed prices further ahead and in the majority of cases to new highs for the year.

Most of the speculative activity was centred on the participants of the Ashton joint venture which is exploring for diamonds in the Kimberly region of Western Australia.

Conzinc Riotinto, with 52.6 per cent of the venture, advanced 17 to a high of 243p, while Northern Mining, the star of the latest Australian boom, soared 18 to a peak 108p; Northern has a 5 per cent stake in the project.

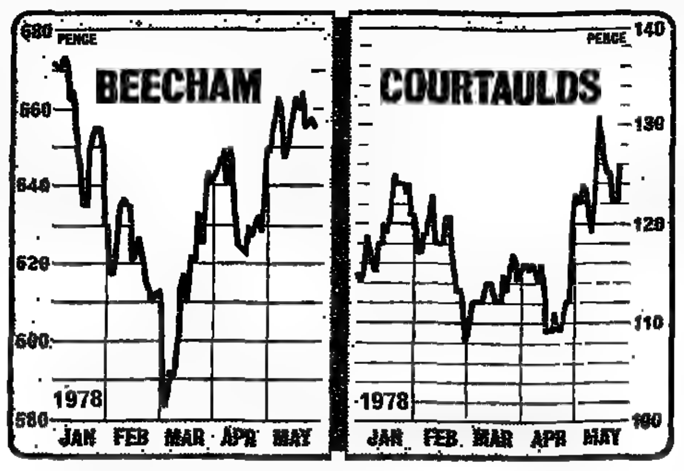
The London-registered "Tanks," which controls 8.4 per cent, put on 7 to a high of 102p. Other Australians to register substantial gains were Metals Exploration, 10 higher at 37p, Whim Creek, a similar amount to the good at 70p, Pancontinental, 7 up at £13¾, and North Broken Hill, which rose 6 more to 114p.

In contrast with Australians, South African Golds remained subdued and prices generally drifted reflecting the $1.75 downturn in the bullion price to $178.375 per ounce.

The Gold Mines index lost ground for the third successive trading day easing 0.9 more to 152.9.

South African Financials were generally untested but Middle Wits. managed a gain of 5 at a 1978 high of 183p. Rio Tinto-Zinc were active in London-registered Financials; the shares initially hardened to a new high for the year of 220p but then fell back to 218p, a penny easier on balance, following the news that a fire at Rossing Uranium had severely damaged one of the two solvent extraction plants and that planned production for 1978 could be reduced by as much as 20 per cent.

Coppers attracted a good London demand reflecting the recent firmness of the metal price. Tins also made modest headway.



FINANCIAL TIMES STOCK INDICES

	May 25	May 24	May 23	May 22	May 19	May 18	A year ago
Government Secs.	70.47	70.42	70.39	70.19	70.45	70.97	69.63
Fixed Interest	72.10	71.95	71.97	71.74	71.99	72.32	70.39
Industrial Ordinary	477.5	474.0	470.6	468.9	470.6	480.9	461.6
Gold Mines	152.9	153.8	155.1	155.2	153.2	151.0	108.9
Ord. Div. Yield	5.52	5.56	5.59	5.62	5.61	5.50	5.05
Earnings Y'ld % (full)*	16.70	16.82	16.98	17.04	17.02	16.68	15.45
P/E Ratio (net) (*)	7.99	7.93	7.88	7.85	7.86	8.02	9.47
Dealings marked	4,479	4,657	4,953	5,240	5,646	4,795	7,158
Equity turnover £m.	—	64.87	69.68	62.46	65.35	88.26	72.44
Equity bargains total	—	15,118	13,314	14,085	15,054	15,845	18,740

10 am 473.7. 11 am 476.0. Noon 475.3. 1 pm 474.9. 2 pm 477.2. 3 pm 478.8.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.85.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	70.19 (22/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	71.74 (22/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (5/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (3/5)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 25	May 24
—Daily		
Gilt-Edged	134.6	139.1
Industries	158.2	169.1
Speculative	40.3	32.2
Totals	101.9	106.0
5-day Av'rage		
Gilt-Edged	150.7	150.7
Industrials	179.5	182.2
Speculative	35.7	35.1
Totals	113.7	115.1

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	13	388	+10	388	328
BATs Defd.	25p	10	290	−2	296	227
BP	£1	10	886	+6	892	720
Shell Transport	25p	10	560	+4	586	484
Distillers	50p	9	183	+2	187	163
Eurotherm Intl.	10p	9	152	+4	153	142
Ultramar	25p	9	284	—	294	194
Albright & Wilson	25p	8	164	−2	166	88
Grand Met.	50p	8	113	+1	116	87
RTZ	25p	8	218	−1	220	164
Barclays Bank	£1	7	337	−3	358	298
Burmah Oil	£1	7	69	+1	70	42
Courtaulds	25p	7	126	+3	131	109
Imperial Group	25p	7	79	—	81	71½
P & O Defd.	£1	7	96	−2	118	91

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (118)

BANKS (1)
BEERS (5)
BUILDINGS (6)
CHEMICALS (4)
DRAPERY & STORES (9)
ELECTRICALS (4)
ENGINEERING (12)
HOTELS (1)
INDUSTRIALS (23)
INSURANCE (2)
MOTORS (9)
NEWSPAPERS (3)
PAPER & PRINTING (2)
PROPERTY (1)
SHIPPING (1)
SHOES (2)
TEXTILES (3)
TRUSTS (3)
OILS (1)
OVERSEAS TRADERS (1)
RUBBERS (1)
TEAS (2)
MINES (22)

NEW LOWS (11)

ENGINEERING (2)
Jones Grp. Warwick Eng.
INDUSTRIALS (6)
British Syphon Norvic Secs.
Caravans Intl. Staflex
Somme Hldgs. Sumner (F.)
MOTORS (1)
Zenith A
PROPERTY (1)
Jermyn Inv.
TRUSTS (1)
Britannia Arrow

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	21	—	56
Corpns., Dom. and Foreign Bonds	21	1	43
Industrials	372	246	929
Financial and Prop.	99	75	344
Oils	11	6	17
Plantations	8	5	23
Mines	51	42	46
Recent Issues	9	3	12
Totals	572	379	1,470

FOOD PRICE MOVEMENTS

	May 25 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,090	1,090	1,090
British A.1 per ton	1,065	1,065	1,065
Irish Special per ton	1,065	1,065	1,065
Ulster A.1 per ton‡	1,065	1,065	1,065
BUTTER			
NZ per 20 lbs	11.41/11.52	11.41/11.52	11.41/11.52
English per cwt†	60.61	60.61	67.37
Danish salted per cwt†	70.10/72.41	70.15/72.52	70.15/72.42
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,246.78	1,202.10	1,202.10
EGGS*			
Home produce:			
Size 4	2.70/3.40	3.00/3.50	3.40/3.90
Size 2	3.90/4.50	3.90/4.70	4.30/4.80
	May 25 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	53.0/57.0	53.0/58.0
Eire forequarters	36.0/38.0	—	37.0/39.0
LAMB			
English	—	—	—
NZ PLs-PMs	50.0/51.0	49.0/51.0	46.0/48.0
MUTTON—English ewes	—	—	—
PORK (all weights)	36.0/45.0	36.0/46.0	36.0/45.0
POULTRY—Broiler chickens	35.5/37.0	35.0/36.5	34.0/35.5

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery May 27-June 3.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 23	Jun. 6	Aug. 17	Aug. 30
Jun. 7	Jun. 20	Aug. 31	Sep. 14
Jun. 20	July 4	Sep. 14	Sep. 28

For rate indications see end of Share Information Service

Stocks favoured for the call were English Property, Burmah Oil, Marks and Spencer, British Home Stores, Wettern Bros., North Kalgurli, Drake and Scull, Cooper Industries, Talbex, Eurotherm, K Shoes, Oxley Printing, New Throgmorton Capital, Savoy Hotel A and J. Brown. Puts were taken out in Vernon Fashion and Courtaulds, while doubles were arranged in Savoy Hotel A, English Property, GEC, Burmah Oil and J. Brown.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	160	—	160	—	180	—	885p
BP	800	100	1	116	1	148	—	..
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			375		251		134	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
100	F.P.	—	153	143	Eurotherm	152	+4	b2.64	4.0	2.6	14.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., May 25, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Wed. May 24 Index No.	Tues. May 23 Index No.	Mon. May 22 Index No.	Fri. May 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	213.57	+0.8	17.63	5.61	7.91	211.78	211.16	210.47	211.50	183.78
2	Building Materials (28)	191.04	+0.9	17.98	5.66	7.96	189.38	189.40	188.77	190.34	152.25
3	Contracting, Construction (26)	344.49	+1.8	19.67	3.94	7.36	338.29	339.17	338.05	341.48	257.06
4	Electricals (15)	448.44	+0.5	15.25	3.95	9.29	446.17	441.33	440.64	441.00	358.79
5	Engineering Contractors (14)	319.71	+1.1	18.27	6.38	7.41	316.20	316.91	315.79	318.93	255.38
6	Mechanical Engineering (71)	172.19	+0.6	18.86	6.16	7.21	171.14	170.48	169.94	170.31	166.97
8	*Metals and Metal Forming (17)*	166.01	+1.1	17.25	8.45	7.92	164.23	164.87	163.82	165.09	155.89
11	CONSUMER GOODS (DURABLE) (52)	194.42	+0.4	17.14	4.90	8.20	193.65	193.20	193.29	194.17	169.51
12	Lt. Electronics, Radio TV (15)	226.93	+0.8	15.43	3.81	9.13	225.06	224.55	224.10	225.78	189.05
13	Household Goods (12)	176.46	+0.5	16.31	6.39	8.42	175.57	175.63	176.37	176.13	167.39
14	Motors and Distributors (25)	124.31	−0.3	19.86	6.18	7.10	124.62	124.26	124.65	124.86	113.35
21	CONSUMER GOODS (NON-DURABLE) (175)	203.10	+0.8	15.95	5.78	8.49	201.47	200.31	199.73	201.45	171.46
22	Breweries (14)	241.06	+1.9	13.99	5.57	10.27	236.61	234.36	232.14	236.47	178.65
23	Wines and Spirits (6)	259.92	+0.9	15.56	5.54	9.75	257.54	255.06	254.73	257.08	199.63
24	Entertainment, Catering (17)	256.41	+0.5	13.75	6.66	10.52	255.11	256.06	253.96	258.46	216.98
25	Food Manufacturing (22)	193.19	+0.4	20.17	5.75	6.56	192.44	191.10	189.73	191.85	177.27
26	Food Retailing (15)	198.82	+1.0	14.29	4.78	9.65	196.84	197.84	197.28	198.73	174.49
32	Newspapers, Publishing (13)	373.56	+0.5	10.58	3.32	13.53	371.59	368.98	377.22	378.30	290.04
33	Packaging and Paper (15)	130.04	+0.7	20.07	9.19	7.05	129.16	127.34	127.11	128.11	121.71
34	Stores (39)	181.17	+1.1	11.62	4.48	12.63	179.26	177.53	177.54	177.66	146.46
35	Textiles (25)	184.54	+1.4	20.33	7.30	6.00	182.02	181.79	181.24	182.37	173.78
36	Tobaccos (3)	256.83	−0.4	21.52	7.29	5.52	257.73	257.74	257.16	260.28	228.39
37	Toys and Games (6)	108.61	+0.9	19.48	5.75	6.72	107.61	105.53	104.25	104.69	97.23
41	OTHER GROUPS (97)	199.86	+0.9	15.97	5.67	8.25	197.98	195.84	195.42	195.75	183.57
42	Chemicals (19)	283.82	+2.0	17.57	6.11	7.73	278.14	271.41	271.42	271.62	253.73
43	Pharmaceutical Products (7)	259.86	+0.1	11.13	3.92	11.24	259.58	259.30	258.67	259.73	0.00
44	Office Equipment (6)	139.21	+1.1	17.24	4.67	6.87	137.74	137.26	136.62	135.50	106.88
45	Shipping (10)	434.14	−0.6	18.27	7.25	6.74	436.84	431.34	424.67	424.26	533.40
46	Miscellaneous (55)	206.30	+0.6	16.59	6.24	8.18	205.10	204.35	204.15	204.93	181.78
49	INDUSTRIAL GROUP (495)	211.21	+0.8	16.44	5.65	8.26	209.48	208.20	207.67	208.85	183.75
51	Oils (5)	499.41	+0.7	14.78	3.96	7.34	496.07	498.64	493.78	495.22	505.61
59	500 SHARE INDEX	235.04	+0.8	16.18	5.39	8.10	233.17	232.15	231.30	232.51	209.71
61	FINANCIAL GROUP (100)	165.19	−0.6	—	5.60	—	166.14	165.09	163.63	164.79	139.57
62	Banks (6)	192.42	−1.4	24.59	5.60	6.16	195.16	192.49	188.98	191.66	154.09
63	Discount Houses (10)	200.37	+0.6	—	8.51	—	199.20	200.47	201.09	201.56	173.32
64	Hire Purchase (5)	146.63	+0.7	13.34	5.59	11.09	145.65	146.46	145.34	147.43	129.27
65	Insurance (Life) (10)	139.82	+0.4	—	6.51	—	139.26	139.16	138.72	139.04	110.90
66	Insurance (Composite) (7)	125.90	−0.2	—	6.77	—	126.20	125.69	125.37	125.73	115.24
67	Insurance Brokers (10)	333.37	−3.5	14.47	4.41	9.89	345.62	346.23	346.62	347.61	299.69
68	Merchant Banks (14)	79.94	+0.2	—	6.10	—	79.81	79.39	79.17	80.87	71.65
69	Property (31)	235.65	+0.7	2.93	2.99	65.49	232.14	229.93	226.77	226.97	185.94
70	Miscellaneous (7)	105.94	−0.1	24.66	7.49	5.61	106.03	106.08	106.13	107.58	93.36
71	Investment Trusts (50)	203.75	+0.2	3.29	4.82	30.38	203.31	204.06	203.63	206.12	177.07
81	Mining Finance (4)	97.45	−0.2	17.18	7.07	7.10	97.67	96.85	95.71	97.16	94.66
91	Overseas Traders (19)	314.05	+0.7	15.38	6.58	8.12	311.74	313.49	312.37	313.93	286.62
99	ALL-SHARE INDEX (673)	216.31	+0.5	—	5.45	—	215.18	214.28	213.29	214.58	191.47

FIXED INTEREST PRICE INDICES

	British Government	Thurs. May 25	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.37	+0.09	—	3.63
2	5-15 years	115.93	+0.05	0.24	2.67
3	Over 15 years	120.25	—	—	4.97
4	*Irredeemables*	127.35	—	—	6.03
5	All stocks	113.12	+0.04	0.04	4.01

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Thurs. May 25	Wed. May 24	Year ago (approx.)
1	Low Coupons	5 years	8.64	8.64	7.41
2		15 years	10.98	10.99	10.81
3		25 years	11.57	11.57	11.93
4	Medium Coupons	5 years	11.15	11.13	9.82
5		15 years	12.19	12.19	11.61
6		25 years	12.39	12.37	12.34
7	High Coupons	5 years	11.43	11.45	10.62
8		15 years	12.71	12.70	12.76
9		25 years	13.14	13.14	13.01
10	Irredeemables		11.48	11.48	12.10

		Thurs. May 25 Index	Yield	Wed. May 24	Tuesday May 23	Monday May 22	Friday May 19	Thurs. May 18	Wed. May 17	Tuesday May 16	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.65	12.90	57.59	57.39	57.28	57.72	57.67	57.83	57.87	56.02
16	Investment Trust Prefs. (15)	51.70	13.76	51.76	51.62	51.62	52.35	52.35	52.17	52.17	54.67
17	Coml. and Indl. Prefs. (20)	71.85	12.74	71.90	69.85	69.90	70.30	70.47	70.41	70.50	71.10

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

A B N. Bank	9 %
Allied Irish Banks Ltd.	9 %
American Express Bk.	9 %
Amro Bank	9 %
A P Bank Ltd.	9 %
Henry Ansbacher	9 %
Banco de Bilbao	9 %
Bank of Credit & Cmce.	9 %
Bank of Cyprus	9 %
Bank of N.S.W.	9 %
Banque Belge Ltd.	9 %
Banque du Rhone	9½ %
Barclays Bank	9 %
Barnett Christie Ltd.	9½ %
Bremar Holdings Ltd.	10 %
Brit. Bank of Mid. East	9 %
Brown Shipley	9 %
Canada Perm't. Trust	9 %
Capitol C & C Fin. Ltd.	9 %
Cayzer Ltd.	9 %
Cedar Holdings	9½ %
Charterhouse Japhet	9 %
Choulartons	9 %
C. E. Coates	10 %
Consolidated Credits	7½ %
Co-operative Bank *	9 %
Corinthian Securities	9 %
Credit Lyonnais	9 %
The Cyprus Popular Bk.	9 %
Duncan Lawrie ¶	9 %
Eagil Trust	9 %
English Transcont.	9 %
First London Secs.	9 %
First Nat. Fin. Corpn.	10 %
First Nat. Secs. Ltd.	9½ %
Antony Gibbs	9 %
Greyhound Guaranty	9 %
Grindlays Bank ‡	9 %
Guinness Mahon	9 %
Hambros Bank	9 %
■ Hill Samuel §	9 %
C. Hoare & Co. †	9 %
Julian S. Hodge	10 %
Hongkong & Shanghai	9 %
Industrial Bk. of Scot.	7½ %
Keyser Ullmann	9 %
Knowsley & Co. Ltd.	11½ %
Lloyds Bank	9 %
London Mercantile	9 %
Edward Manson & Co.	10½ %
Midland Bank	9 %
■ Samuel Montagu	9 %
■ Morgan Grenfell	9 %
National Westminster	9 %
Norwich General Trust	9 %
P. S. Refson & Co.	9 %
Rossminster Accept'cs	9 %
Royal Bk. Canada Trust	9 %
Schlesinger Limited	9 %
E. S. Schwab	10½ %
Security Trust Co. Ltd.	10 %
Shenley Trust	11 %
Standard Chartered	9 %
Trade Dev. Bank	9 %
Trustee Savings Bank	9 %
Twentieth Century Bk.	10 %
United Bank of Kuwait	9 %
Whiteaway Laidlaw	9½ %
Williams & Glyn's	9 %
Yorkshire Bank	9 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%. 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6½% and over £25,000 6¾%.
‡ Call deposits over £1,000 6%.
§ Demand deposits 6½%.
¶ Rate also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % shown in last column allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 475-480

INSURANCE BASE RATES

† Property Growth 9½%
† Vanbrugh Guaranteed 8¾%
* Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or –	Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
102⅛	100¼	Treasury 10½pc '78‡‡	100¼	....	10.47	8.55
99⅝	98⅝	Exch. 5pc '76-78‡‡	98⅞	+1/16	5.05	8.11
105⅛	101⅜	Treasury 11½pc '79‡‡	101⅞	+⅛	11.28	8.86
97	94¼	Treasury 3pc '79‡‡	95⅛	+⅛	10.45	10.06
97⅞	95⅛	Electric 4¼pc '74-79	95⅝	....	4.44	7.72
104⅜	100½	Treasury 10½pc '79‡‡	100½	+⅛	10.46	10.16
96½	94¼	Electric 3½pc '76-79	95⅝	+⅛	3.66	6.65
103⅛	98⅛	Treasury 9pc 1980‡‡	98¾	+⅛	9.15	10.03
102⅜	99	Treasury 9½pc '80‡‡	99½	+⅛	9.57	9.92
95⅛	92¾	Treasury 3½pc '77-80	93⅝xd	+⅛	3.74	6.89
96½	94	Funding 5¼pc '78-80‡‡	94⅝xd	+⅛	5.55	8.16
110¼	104¼	Exchequer 13pc 1980‡‡	104⅜xd	+⅛	12.43	10.84
106¼	100⅜	Treasury 11½pc 1981‡‡	101⅛	+⅛	11.38	11.00
91⅝	88⅝	Treasury 3¼pc 1979-81	89¼	+⅛	3.92	7.95
101¼	97⅛	Treasury 9¾pc 1981‡‡	97⅝	+⅛	9.99	10.72
97⅜	93⅛	Exch. 8¼pc 1981	93⅞xd	+⅛	8.78	10.64
100¼	95⅜	Exch. 9½pc 1981	95⅞	+⅛	9.90	11.03
87⅜	85	Exch 3pc 1981	86⅛	....	3.48	7.94
96⅞	96⅛	Treas. Variable '81‡‡	96⅞xd	+⅛	9.23	10.00
111	104⅛	Exch. 12¾pc 1981‡‡	104½xd	+⅛	12.20	11.14
99⅛	92¾	Treas. 8½pc '80-82‡‡	93⅛	+⅛	9.13	10.84
86⅝	83¼	Treasury 3pc '82‡‡	84	......	3.57	8.05
115⅞	108⅛	Treasury 14pc '82‡‡	108⅜	+⅛	12.92	11.21
96	95⅜	Treas. Variable '82‡‡	95¾xd	+⅛	6.78	10.22
96⅛	90⅛	Treasury 8¼pc '82	90⅝	....	9.10	11.15
100¼	93⅛	Exch. 9¼pc 1982	93½	....	9.89	11.16
94¾	93½	Exch. 9¼pc 1982 A●	93½	....	9.89	11.18
96⅞	91⅛	Exch. 8¾pc 1983	91⅜	......	9.58	11.18
85⅛	80½	Exch 3pc '83	80¾	....	3.71	7.94
114¼	102½	Treasury 12pc 1983‡‡	102¾	+⅛	11.68	11.22
		Five to Fifteen Years				
100⅛	95⅞	Treasury 9½pc '83	95⅞	......	9.99	11.17
89⅝	83¼	Funding 5½pc '82-84‡‡	84⅛	......	6.69	9.67
96⅞	91¼	Treasury 8½pc '84-86‡‡	91⅝	......	9.61	10.66
87⅝	78½	Funding 6½pc '85-87‡‡	78⅞	......	8.29	10.24
89⅝	82¾	Treasury 7¾pc '85-88‡‡	83⅜	......	9.59	11.01
68⅜	61⅜	Transport 3pc '78-88	61⅝xd	......	4.96	8.81
75⅝	65⅜	Treasury 5pc '86-89	65⅝	......	7.68	10.27
115¼	107⅛	Treasury 13pc 1990‡‡	108½	......	12.52	12.36
89⅝	78½	Treasury 8¼pc '87-90‡‡	78⅞xd	......	10.40	11.46
106½	98⅛	Treasury 11¾pc 1991	99⅝	......	12.34	12.50
75⅛	64½	Funding 5¾pc '87-91‡‡	64¾	......	8.99	11.07
112⅛	103¼	Treasury 12¾pc '92‡‡	105	......	12.66	12.63
96⅝	85½	Treasury 10pc 1992	87⅝	......	11.79	12.31
113	99	Exch. 12¼pc '92	100⅜	......	12.58	12.65
		Over Fifteen Years				
110⅝	101	Treasury 12½pc '93‡‡	103¼	......	12.66	12.69
72⅝	62	Funding 6pc 1993‡‡	62¼	....	9.83	
120¼	105⅜	Treasury 13¾pc 1993‡‡	106⅛	......	12.97	12.84
128⅝	115⅜	Treasury 14½pc '94‡‡	114	......	13.11	12.90
114⅛	100¼	Exch. 12½pc 1994	101¼	......	12.75	12.78
89⅞	77¼	Treasury 9pc '94‡‡	78⅛	......	11.55	12.12
106¼	98¼	Treasury 12pc '95	99⅛	......	12.61	12.70
51⅞	44⅛	Gas 3pc '90-95	44⅜	......	6.79	9.83
95	85¾	Exch. 10¼pc 1995	87	......	12.18	12.51
114⅛	99½	Treasury 12¾pc '95‡‡	100¼	......	12.77	12.76
90½	77⅞	Treasury 9pc '92-96‡‡	78¼	......	11.77	12.27
131½	115⅝	Treasury 15¼pc '96‡‡	116⅛	......	13.24	13.04
117⅝	102⅝	Exchequer 13¼pc '96‡‡	103¼	......	12.88	12.84
50	43¼	Redemption 3pc 1986-96	43½	......	6.97	9.70
115¼	106½	Treasury 13¾pc '97‡‡	107¼	......	12.90	12.85
98⅝	86½	Exchequer 10½pc 1997	87¾	......	12.35	12.58
88¼	75⅞	Treasury 8¾pc 1997‡‡	76¼	......	11.79	12.25
72¼	61	Treasury 6¾pc '95-98‡‡	61⅜	......	11.08	11.92
135⅜	119¼	Treas 15½pc '98‡‡	119⅞	......	13.20	13.02
65	63½	Exch. 12pc '98 (£65 pd.)	63⅝	......	12.74	12.80
90½	82⅞	Treasury 9½pc 1999‡‡	82½	......	12.01	12.30
96¼	84	Treasury 10½pc 1999	84⅞	......	12.40	12.59
42½	37	Funding 3½pc '99-04	37¼	......	9.73	10.99
80⅞	68⅝	Treasury 8pc '02-06‡‡	69	......	11.78	11.99
58⅝	48¼	Treasury 5½pc '08-12‡‡	48⅞	......	11.53	11.77
76⅛	67⅝	Treasury 7¾pc '12-15‡‡	68	......	11.84	11.92
		Undated				
37⅛	33	Consols 4pc	33¼	....	12.50	—
37⅝	31⅛	War Loan 3½pc‡‡	31¾xd	.....	11.18	—
39¼	33	Conv. 3½pc '61 Aft.	34⅝	......	10.26	—
25⅝	24⅛	Treasury 3pc '66 Aft.	24⅛	......	12.59	—
24½	20¼	Consols 2½pc	20⅞	......	12.18	—
24	20	Treasury 2½pc	20⅛	......	12.66	—

**INTERNATIONAL BANK

88	82½	5pc Stock '77-82	82¾	+¼	6.04	10.09

**CORPORATION LOANS

95¾	94¼	Birm'ham 9¾pc '79-81	95	+¼	9.73	11.12
94¼	90½	Bristol 7¾pc '79-81	91xd	+¼	8.52	10.92
107	101¾	G.L.C. 12½pc '82	102xd	.....	12.25	11.84
112	103¼	Do 12½pc 1983	104½	+¼	12.37	12.22
97¼	92¼	Glasgow 9¼pc '80-82	92½xd	...	10.00	11.43
93	90¼	Herts 5½pc '78-80	91xd	+¼	5.77	10.34
99½	97⅞	Liverpool 5¾pc '76-78	98¼	......	5.82	9.18
102½	90½	Do. 9¾pc '80-84	92xd	......	10.62	11.68
29¼	27	Do. 3½pc Irred.	27¼	......	13.29	—
100⅛	99	Lon. Corp. 6½pc '75-78	99⅜	......	6.54	9.11
90¾	91	Do 9¼pc '84-85	92	+½	10.20	11.12
97¼	94¾	L.C.C. 6pc '75-79	95¼	......	6.30	10.10
92½	85¼	Do 5½pc '77-81	85½	....	6.44	10.80
87½	76½	Do 5½pc '82-84	79	+½	7.14	10.68
67	65¾	Do 5½pc '85-87	67xd	+½	8.17	11.37
75	68½	Do 6¾pc '88-90	69½	+½	10.07	11.96
26½	22½	Do. 3pc '20 Aft.	23xd	....	13.21	—
93¼	91	Middx 5¼pc 1980	91	......	5.77	10.80
99½	95½	Newcastle 9¼pc '78-80	95¼	......	9.66	11.35
106¼	102	Warwick 12½% 1980	102xd	......	12.25	11.49

COMMONWEALTH & AFRICAN LOANS

100⅞	95¼	**Aust 5½pc '75-78	99½	+¼	5.57	9.03
95¼	C95½	**Do 5½pc '77-80	C95½	+¼	5.92	10.31
85¼	83	**Do 5¾pc '81-82	85⅝	+⅛	6.64	11.07
99⅛	96¼	**N.Z. 4pc 1976-78	97⅛xd	+⅛	4.11	9.07
96½	92¼	**Do 6pc '76-80	93⅞	+⅛	6.47	10.76
87¼	81¼	**Do 7¾pc '83-86	82¾xd	+¼	9.01	10.65
95	91	Sth. Africa 9½pc '79-81	94½	......	10.11	11.66
70	52	Sth. Rhod. 2½pc '65-70	54	......	—	—
96	83	Do 6pc '78-81	83	......	—	—

LOANS

Public Board and Ind.

64½	59	Agric. Mt. 5pc '59-89	61½	..	8.39	11.55
90½	80¾	Alcan 10½pc '89-94	81½xd	...	12.88	13.30
33¼	28¼	**Met. Wtr. 3pc 'B'	29¼	+¼	10.50	12.19
139	107	U.S.M.C. 9pc 1982	131xd	−3	6.87	—
95½	88½	Do. without Warrants	89xd	+½	10.11	12.40

Financial

107¼	102¼	**FFI 13pc '81	103¼	+¼	12.59	11.53
110	102	Do. 14pc '79	103xd	....	13.59	11.40
114½	103	Do 14pc '80	103½xd	+¼	13.39	12.82
85	79½	ICFC 5½pc Deb. '80-82	82	......	6.80	11.00
81½	73¾	Do 6¼pc Db. '81-84	76xd	......	8.22	11.60
99	95½	Do. 10½pc Uns. Ln. '86	96	......	11.39	12.00
99¼	95½	Do 11pc Uns. Ln. '88	96½	......	11.94	12.35
101½	96	Do 11¾pc Uns. Ln. '90	97	......	12.75	13.00
77½	65	Do. 7¼pc A Deb. '89-92	66	......	11.01	12.40
71½	62	Do 7½pc A Db. '91-94	63	.....	11.80	13.00
84½	74	Do 9pc 'A' '91-94	74½	......	12.36	13.10
81¼	70½	Do 8½pc Ln. '92-97	71½	.....	12.90	13.45

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
19½	17	Antofagasta Rly.	19	......	—	—
34	33	Do. 5pc Pref.	34	......	—	—
98	98	Chilean Mixed	98	......	3	f3.10
415	350	German Yng. 4½pc.	415	......	4½	—
54	46	Greek 7pc Ass.	54xd	......	3½	f6.48
50	46	Do 6pc '28 Stab. Ass.	49	......	6	f6.25
44	40	Do 4pc Mixed Ass.	43	......	4	f4.76
55	42	Hung. '24 Ass.	55	......	4½	5.00
77	67	Iceland 6½pc '83-88	67	......	—	12.80
88	84	Ireland 7½pc '81-83	84¼	+¼	7½	12.47
91	80	Do 9¾pc '91-96	80½	+¼	9¾	12.85
375	265	Japan 4pc '10 Ass.	365	......	—	—
87	70	Do 6pc '83-88	72	......	6	10.90
160	145	Peru Ass. 3pc	155	......	3	1.95
75p	75p	S.G.I. 6½pc 1980	75	......	6½	8.67
599	594½	Turin 9pc 1991	594½	......	9	9.52
DM81½	DM81	Turin 6½pc 1984	DM81	......	6½	10.70
94	94	Uruguay 3½pc	94	......	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or –	Div. Gross	C'vr	Y'ld Gr's
17	13½	ASA	16xd	......	80c	—	2.8
60½	60½	AMF 5% Conv. '87	60½	......	5%	—	f4.8
31	22	Amax $1	28xd	−1	$1.75	—	3.5
31¼	21¾	American Express	30¾	−¼	$1.40	—	2.6
33½	11	Amer. Medic. Int.	20xd	−1	30c	—	0.8
15⅝	969p	Asarco Inc.	14xd	−⅛	40c	—	1.6
44⅝	28¼	Baker Intnl. Corp. $1	43xd	−⅛	64c	—	0.8
19¼	11⅞	Barnes Grp. $6⅔	18	−½	90c	—	2.8
32½	22	Bendix Corp. $5	31⅝	−⅛	$2.28	—	4.0
20½	13	Beth. Steel $8	19½xd	−1	$1.00	—	2.9
11⅝	625p	Brown & Fer. c16⅔	11⅜	......	40c	—	2.0
13½	857p	Brunswick Corpn. ‖	13⅝xd	+½	70c	—	3.0
61⅛	41⅞	Burroughs Corp. $5	58¼	...	$1.00	—	1.0
45	30½	CBS $2.50	43¾	−¼	$2.40	—	3.1
41½	28¼	C.P.C. $½	39	−2½	$2.50	—	3.6
48⅝	32¼	Caterpillar $1	45½xd	−⅝	$1.80	—	2.2
27¼	17⅝	Chase M'htn. $12.5	25½	−1⅛	$2.20	—	4.9
21⅛	13⅝	Chesebrough $1	20⅞	−¼	94c	—	2.6
11	765p	Chrysler $6¼	921pxd	+7	$1.00	—	6.1
21¼	13½	Citicorp $4	19⅝	−⅛	$1.06	—	3.1
12¼	755p	City Inv. $1.25	12½	+⅛	$1.00	—	4.5
25	14⅝	Do. Cm. Prf. B $1	22	−⅛	$2	—	5.1
18½	12¼	Colgate P. $1	17⅜	−½	$1.00	—	3.3
47⅝	29	Colt Inds. $1	46⅛	−¼	$3.15	—	3.8
25⅝	15½	Cont. Illinois $10	25	−⅛	$1.32	—	3.0
25⅝	17	Cont. Oil $5	23⅞	−⅛	$1.40	—	3.3
28	20⅛	Crown Zell. $5	27½xd	−½	$1.90	—	3.9
41⅞	29⅛	Cutler-Hammer $5	41¾	−⅛	$1.40	—	1.9
32½	22	Eaton Crp. $0.50	31½xd	−1	$2.25	—	4.0
28¼	17¼	Esmark	23⅞	−⅛	$1.84	—	4.4
40	28¼	Exxon $1	38⅛xd	−½	$3.20	—	4.7
12	670p	Firestone Tire $	11½	−¼	$1.10	—	5.4
18½	11¼	First Chicago	17⅞	−¼	$1.00	—	3.3

AMERICANS—Continued

1978 High	Low	Stock	£	+ or –	Div. Gross	C'vr	Y'ld Gr's
32⅜	20¾	Fluor Corp. $⅝	30	−⅛	$1.20	—	2.2
41¼	26⅝	Ford Motor $2	39⅞xd	−⅛	$3.20	—	4.5
25¼	16⅛	GATX	23½xd	−½	$2.50	—	6.0
44⅜	29⅝	Gen. Elect. $2½	42⅝	−⅝	$2.20	—	2.9
23¼	15⅛	Gillette $1	22¾xd	−⅞	$1.50	—	3.7
47⅝	28	Honeywell $1.50	45	−1⅛	$1.90	—	2.4
14½	750p	Hutton E.F.	13⅝	−¼	$0.68	—	2.8
218⅝	171	I.B.M. Corp. $5	212½	−1½	$11.52	—	2.7
51⅜	34	Ingersoll-R $2	50xd	−⅝	$3.00	—	3.4
17⅝	735p	Int. Systems & Con. $1	15½	+½	25c	—	0.9
976p	705p	I. U. International‖	951pxd	−14	90c	—	5.3
27¼	18	Kaiser Al. $⅓	27xd	−½	$1.60	—	3.3
31¼	20	*Manf. Han. US$7.50*	29½	−⅞	$2.08	—	4.0
40¾	26⅝	Morgan (JP) US$2.5	39⅝	−¾	$2.20	—	3.1
17½	12	Norton Simon Inc. $1	16xd	−½	£0¼	—	2.7
18	13⅛	Owens-Ill. $3.125	17⅜xd	−½	h$1.06	—	3.5
20⅜	14⅛	Quaker Oats US$5	20	−¼	$1.04	—	2.9
26⅞	15¼	Reliance $0.25	26½xd	......	15c	—	—
27⅝	16¼	Rep. N.Y. Corp. $5	27	......	$1.00	—	2.3
17¼	11	Rexnord $5	16⅛xd	......	88c	—	3.1
22¼	14⅛	Richdsn.-Mrrll. $1¼	20⅜xd	......	90c	—	2.5
576p	255p	Saul (B. F.) $1	466p	−2	—	—	—
28⅞	18½	Shell Oil $1	27	−⅝	h$1.60	—	3.3
18⅞	11⅞	Singer ($10)	18⅛	−⅜	60c	—	1.9
36	22⅝	Sperry Rand $0.50	34	−½	$1.12	—	1.9
33½	18⅝	TRW Inc. $1¼	31xd	−⅝	$1.80	—	3.3
27⅛	18⅞	Tenneco	25⅜xd	−½	$2.00	—	4.4
161	131	Do. 10% Ln. Stk. 91-95	154	−2	10%	—	f6.7
975p	505p	Tesoro Pt. US$0.16⅔	962p	−13	—	—	—
22	16⅞	Texaco $6.25	20	−¼	$2.00	—	5.6
40	22⅞	Time Inc.	34¼	−⅜	$1.50	—	2.4
13⅜	865p	Transamerica $1	13	−⅜	80c	—	3.5
37½	21¼	Utd. Tech. $US5	35	−½	$2.00	—	3.2
24½	17¼	U.S. Steel $1	24xd	......	$1.60	—	3.8
17	11½	Woolworths $3½	16½	......	$1.40	—	4.8
44	28⅝	Xerox Corp. $1	42¼	−⅝	$2.00	—	2.7
735p	385p	Xonics Inc. 10c	670p	−25	7½c	—	0.6
13¾	10⅝	Zapata Corp. 25c	12½	......	s30c	—	1.4

S.E. List Premium 46⅞% (based on $US1.8120 per £)

Conversion factor 0.6807 (0.6782)

CANADIANS

1978 High	Low	Stock	£	+ or –	Div. Gross	C'vr	Y'ld Gr's
15⅛	10⅛	Bk. Montreal $2	14½	−⅛	$1.06	—	3.4
16⅝	10⅞	Bk. Nova Scotia $1	15⅞	−1/16	92c	—	2.7
42½	30¼	Bell Canada $25	41¾	......	$4.2	—	4.7
22	12	Bow Valley‖	20⅝xd	......	12½c	—	0.0
12⅛	825p	Brascan‖	11⅝	−⅛	$1.00	—	4.1
*21⅛	14	Can. Imp. Bk. $2	20⅞xr	−⅛	$1.44	—	3.2
14⅛	955p	Can. Pacific $5	13⅞	−⅛	97c	—	3.3
37½	31¾	Do. 4pc Deb. £100	31¾xd	......	4%	—	12.6
21¾	16⅜	Gulf Oil Can.‖	19⅝xd	−⅛	$1.14	—	2.8
525p	315p	Hawker Sid. Can.‖	500p	......	40c	—	3.8
24½	16⅞	Hollinger $5	24	......	$2.06	—	4.0
14⅝	11¼	*Hudson's Bay ‖*	13⅞	−⅛	69c	—	2.3
32¼	24⅞	Hud. B. Oil G. $2½	30¾	−¼	$1.60	—	2.4
14¾	11⅛	Imperial Oil‖	13⅞	−¼	86.4c	—	2.9
15⅛	945p	Inco	14⅝	−½	80c	—	2.5
775p	585p	Int. Nat. Gas $1	760p	......	80c	—	5.0
10⅜	610p	Massey Ferg.‖	910p	−20	—	—	—
28⅞	21⅛	Pacific Pet. $1	26	−⅛	91.6c	—	1.6
72p	50p	Place Gas $1	72p	......	—	—	—
22⅜	15	Rio Algom	22¼	+¼	$1.08	—	2.2
23⅜	14⅞	Royal Bk. Can. $2	22⅞	−1/16	$1.50	—	3.0
20⅜	13⅛	*Seagram Co. C$1*	20⅝	−¼	92c	—	2.1
14¼	955p	Tor. Dom. Bk. $1	14⅛	−⅛	80c	—	0.0
11⅛	880p	Trans Can. Pipe	10¼	......	103c	—	4.5

S.E. List Premium 46⅞% (based on $2.0218 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
297	186	ANZ $A1	297	+2	tQ12.8c	—	2.7	—
293	210	Alexanders D. £1	240	......	14.35	—	9.0	—
£133	£90½	Algemene Fl.100	£126½	+¼	tQ23½%	2.5	4.6	9.0
[illegible]								

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأجل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
17	9	Burma Mines 17½p.	16	......	—	—	—
300	220	Cons. Murch. 10c	240	−10	Q30c	2.6	7.5
365	245	Northgate C$1	350	−5	—	—	—
220	164	R.T.Z.	218	−1	9.5	2.8	6.6
46½	30	Sabina Inds. C$1	42	......	—	—	—
£11	750	Tara Exptn. $1	£10½	......	—	—	—
45	43	Tehidy Minerals 10p	45	......	1.33	♦	4.5
167	120	Yukon Cons. C$1	165	−2	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♠ Same interim: reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ǁ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: ☒ ex dividend; ☒ ex scrip issue; ☒ ex rights; ☒ ex all; ☒ ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	22	......
Bdg'wtr Est. 50p	272	......
Clover Croft	22	......
Craig & Rose £1	420	......
Dyson (R. A.) A.	34	......
Ellis & McHdy.	62	......
Evans Fr'k 10p	57¢	......
Evered	16xd	......
Fife Forge	50	......
Finlay Pkg. 5p	24	+1
Graig Ship £1	145	+5
Higsons Brew	82xd	......
I.O.M. Stm. £1	150	......
Holt (Jos.) 25p	263	......
N'thn. Goldsmith	55	......
Pearce (C. H.)	155xd	......
Peel Mills	20	......
Sheffield Brick	46xd	......
Sheff. Refrshmt.	52	......
Sindall (Wm.)	85	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£90¼	+⅛
Alliance Gas	68xd	......
Arnott	340	......
Carroll (P.J.)	88	......
Clondalkin	96	......
Concrete Prods.	133	......
Heiton (Hldgs.)	41	......
Ins. Corp.	148	......
Irish Ropes	120xd	......
Jacob	67	......
Sunbeam	33	......
T.M.G.	180	......
Unidare	90	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¾
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	3	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr.	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	30	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	23	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday May 26 1978

Capital investment down 3 per cent.

BY DAVID FREUD

CAPITAL SPENDING by manufacturing industry slipped back in the first three months of the year after the encouraging rise in the second half of 1977.

According to provisional estimates released yesterday by the Department of Industry, manufacturers invested 3 per cent. less in January-March than in the previous quarter. At 1970 prices, seasonally adjusted, the fall was from £457m to £443m.

The Department said that unless there was a substantial pick-up in April-June, total investment for the year would fall well below the rate predicted in its last investment intentions survey.

A large rise in the level of stocks during the first quarter provided another ominous indicator for the health of the manufacturing sector.

While half this rise was accounted for by materials and fuel—and therefore could have been voluntary—the other half was due to an increase in finished goods, which is more likely to have been involuntary.

Although the investment figures are disappointing, there are several mitigating factors.

They are likely to have been heavily influenced by the investment cuts of the British Steel Corporation.

The Confederation of British Industry yesterday said it was possible that private investment was more buoyant than the overall figure suggested.

There was a similar fall in the first three months of last year, so it is possible that a new pattern has developed which has not been incorporated in the seasonal adjustments.

Taking a slightly longer term comparison to remove this possible irregularity, the volume of investment in the last six months is 1 per cent. above that of the preceding half-year.

On this kind of trend the findings of the Department's January investment intentions survey are unlikely to be fulfilled.

That survey pointed to an increase in manufacturing investment in 1978 of between 10 and 15 per cent over the 1977 level. This rise itself had already been revised downwards from the findings in August of an investment increase of between 12 and 17 per cent.

The picture of investment in distributive and service industries was more cheerful, with an increase of £3m, to £544m, at 1970 prices in the first three months compared with the last quarter of 1977.

Manufacturers' and distributors' stocks rose by £175m at 1970 prices, seasonally adjusted, in the first quarter.

Wholesalers and retailers were responsible for £107m of the increase; and it is possible that they were stocking up in readiness for the consumer boom expected later in the year.

Materials and fuel held by manufacturers increased by £37m, supporting the theory that the poor trade figures for March were caused partially by manufacturers building up these supplies.

However, finished goods were responsible for another £35m of the increase. At a period in which consumer spending rose 2 per cent, this build-up is disturbing because it could suggest that home-manufactured goods are uncompetitive.

CAPITAL SPENDING AND STOCKS
(£m, seasonally adjusted at 1970 prices)

	Fixed Capital Expenditure		Changes in physical stocks		
	Total	Manufctring	Total	Manufctring	Retailers
1976	3,735	1,633	37	5	9
1977	4,090	1,764	359	234	17
1976 1st	908	397	59	0	33
2nd	895	400	−131	−66	−45
3rd	976	414	28	−2	16
4th	955	422	81	73	5
1977 1st	989	418	277	125	102
2nd	997	433	199	164	−5
3rd	1,044	456	−70	−31	−44
4th	1,059	457	−48	−25	36
1978 1st*	1,023	443	175	67	61

* Provisional

Source: Department of Industry.

New attack fear as legionnaires leave Zaire

BY MARK WEBSTER

KINSHASA, May 25.

DIPLOMATS in Zaire fear another rebel attack on Shaba province following the announcement that 800 French Legionnaires are being withdrawn.

It is thought that between 150 and 300 rebels may be poised to move back into the copper town of Kolwezi as soon as the legionnaires leave.

According to the French, 100 Moroccan soldiers have arrived to replace the legionnaires and reinforce the Zairean garrison stationed there.

The legionnaires have been the only effective force preventing chaos in the copper-rich province. Diplomats are now worried about the remaining white workers, who still number several hundred.

The French embassy here would make no official comment on why the decision had been taken. But military observers believe it is primarily because the soldiers are not proving very effective in hunting down remaining bands of rebels.

Reports from Kolwezi suggest that the legionnaires morale is low and they have become exhausted after nearly a week of combat duty. They also lack the right logistical support to fight an effective war against rebels in the bush.

Vulnerable

Four legionnaires have been killed and up to 20 wounded, many of them picked off by rebel snipers.

The legionnaires have only one helicopter for aerial reconnaisance and are carrying only light arms and mortars.

Since they first dropped on Kolwezi last Friday, they claim to have killed about 300 rebels, but independent observers believe that some of the dead are civilians.

The French withdrawal poses the major problem of who is going to fill the security cap. The Belgians still have 600 troops stationed at Kamina but the Belgian Government has not allowed them into the front line and the vital Kolwezi mining complex would be vulnerable to another rebel attack.

The U.S. has said it will not commit combat troops to Zaire Today it began withdrawing its transport aircraft, which have been ferrying petrol to the Belgians and French.

Ill-equipped

A suggestion which President Mobutu is believed to have put to fellow African heads of state in Paris of a Pan-African force appears to be facing difficulties. Military experts point to the difficulty of oranising such a force.

This leaves the Zaire army. The total number is about 17,000. Although they have been trained by the Belgians they are not sufficiently well equipped or organised to patrol the borders.

After their rapid flight from the rebels during the last invasion of Kolwezi their credibility as a fighting force is low.

Robert Mauthner reports from Paris: President Mobutu has accused President Kenneth Kaunda, of Zambia, of ignoring his warnings that Katangan rebels were being trained in the north of his country near the Shaba border.

General Mobutu said that he had sent an envoy to inform President Kaunda of the presence of rebel camps in his country on several occasions last year and that he had personally repeated these warnings to President Kaunda last December.

THE LEX COLUMN

The market turns political

Index rose 3.5 to 477.5

It is hard to make sense of yesterday's monetary developments in other than political terms. Even before the news came out of the formal end to the Lib-Lab pact, the City had jumped to the conclusion that the election will come sooner rather than later.

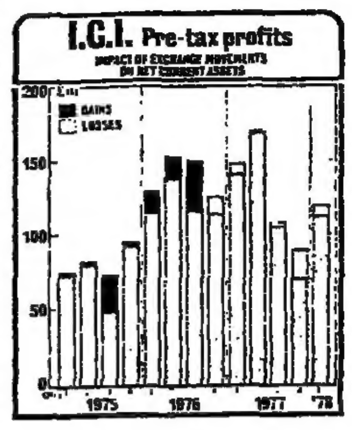
In the morning the 1982 Variable Rate stock had become exhausted, which might have foreshadowed the introduction of some new funding instrument. At 12.30 the announcement came of the dropping of the market-related MLR formula, and the market jumped to the conclusion that there was some link with a statement to be made in connection with the IMF letter of intent during the afternoon. There was modest business in the short tap after the Government broker had cut his price by 1¼ points, and also some switching into the long tap. But in the event the letter and the associated Parliamentary answers were lacking in any new commitments and explanations.

Although the Friday MLR formula has for long been unsatisfactory, there seems no special reason to change it now. The authorities are essentially reverting to the basis for setting Bank rate during the period from September 1971 to October 1972, which ended with MLR more than a point below money market rates. The question is how "flexibly" the rate will in future be adjusted, each change requiring the express approval of the Chancellor; the immediate suspicion is that the Government wishes to be able to hold down MLR ahead of an election. Certainly this is not the monetary initiative which the institutions have been impatiently awaiting as a signal to re-enter the gilt-edged market in force.

ICI

The stock market still does not fully appreciate the sensitivity of ICI's stated profits to currency movements. The sharp downturn in the third and fourth quarters last year caught the market by surprise as did yesterday's results. Pre-tax profits have jumped from £69m. to £112m between the fourth quarter of last year and the first three months of 1978. After being 7p down immediately ahead of the results, the ICI share price ended the day a net 10p up at 388p.

In the three months to the end of March sterling was effectively devalued by 5¼ per cent. Rather surprisingly therefore, is the appearance of a £7m exchange loss on net current assets which was apparently due to the translation of the results of the Australian subsidiary which has a different year end. More important, ICI reckons that of the £43m. jump in pre-tax profits between the past two quarters, around £25m. to £30m. was due to the movement in sterling and the resulting effect on the sterling value of export debts and overseas subsidiaries' net current assets.



Compared with the out-turn 12 months ago, the performance is no where near as impressive. Even though sterling has dropped back below its level then, pre-tax profits are a fifth lower. Admittedly, there are signs at last of a modest improvement in trading performance in the UK and Continental Europe, but the second quarter's figures will provide the real test.

If they top £130m, ICI could possibly match last year's profits of £488m, and when the recovery comes it will feed through quickly to profits. After all, this time last year brokers were estimating that ICI would make £750m in 1978.

Courtaulds

Courtaulds reports indications of a slow improvement in its trading conditions, but the outlook for profits in the current year is still highly uncertain. Profits for 1977-78 emerge at £53.7m against £80.9m and the second half—seasonally much the most important period—brought a fall of over a half to under £26m.

Export margins were slashed by the strength of sterling, and export sales in sterling terms were nearly a fifth lower in the six months. Strikes were a problem, as were stock losses and substantial short-time working brought about by the need to cut back inventories. Over the year, volume fell by about a tenth in both home and overseas markets.

The profitability of exports has recovered a little in recent months but Courtaulds says that sterling will have to fall a bit further if the group is to be fully competitive. The UK fibre business has not yet seen the restocking that might have been expected from the upturn at the retail end of the textile chain, and prices generally are still flat. Profits in the first half will be nothing to shout about, and the extent of the likely recovery later in the year is very hard to project. So the yield of 9½ per cent. at 126p seems reasonably appropriate for the moment.

The best news is that the group has generated a cash surplus of £30.3m over the year—a dramatic change from the £17m outflow in the first half. As a result, Courtaulds can live quite happily with its present balance sheet ratios.

Beecham

Stripping out the Calgon acquisition, Beecham has just about maintained margins in the second half of 1977-78, leaving overall pre-tax profits for the year 12¼ per cent better at £143m. Adverse currency differences absorbed £3m, but even so it is clear that the group has adjusted to a more normal growth pattern after the spectacular performances of the previous two years. As expected Calgon and another acquisition contributed £57m to sales, though little to profits.

Geographically, the picture is one of above average growth in Western Europe (which now accounts for 30 per cent of sales and 35 per cent of profits), despite problems in Spain. Here import restrictions have cut pharmaceutical sales by a third to £10m. A smaller problem area is Brazil, where consumer product sales have not lived up to expectations.

Beecham should be able to achieve much better profit growth than this in the current year. Analysts are talking of a 15 to 20 per cent improvement at the pre-tax level, which ties in with the group's aim of about 10 percentage points growth on top of inflation. At 655p the shares trade on a fully taxed p/e of 11.

English Property in takeover talks

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

ENGLISH Property Corporation, the country's second largest property group with a £702m international portfolio, is in takeover talks with an unnamed Continental group.

In a statement issued after the close of the stock market yesterday English Property said: "Discussions with a Continental group are in progress, which may not result in an offer being made for the company's share capital."

Mr. David Llewellyn, chief executive, said that the discussions had reached a point where an announcement was necessary to forstall market rumours.

Mr. Llwellyn was not willing to give details of the negotiations. He dismissed suggestions that the bid talks were unwelcome and said that the negotiations were friendly.

He confirmed that the company, which is being advised by Samuel Montagu, merchant bankers, is discussing the sale of the whole of its 95.5m isued Ordinary share capital. He said that as an offer for the shares would trigger conversion rights on the group's remaining issued capital, any eventual bid would be for 132m shares.

English Property's shares closed 3p firmer at 41p before the bid announcement. Assuming full conversion that price would give the group a market capitalisation of £54.1m.

Yesterday's closing price, just a fifth of the share price in 1972, reflects the group's troubled record in recent years.

The group has carried out a heavy property sales programme since 1974 to reduce borrowings, which stood at a net £531m last year against properties shown at £702m. That property figure takes no account of a possible £33m shortfall in the value of the group's Belgian developments, a point highlighted by auditors of the last account, and sufficient to clip reported fully diluted net assets per share of 91p to less than 70p.

Eagle Star Insurance is the largest single shareholder in the corporation with 27.2 per cent of its equity. It is understood that the insurance group has been disappointed with the company's performance for some time.

Commission to check tiles bid

By Christine Moir

THE £30m bid by Hepworth Ceramic for H. and R. Johnson-Richards Tiles lapsed yesterday within hours of the offer officially closing.

More than £6m was wiped off the value of J-R shares when it was learned that the merger is to be referred to the Monopolies Commission.

The case is only the second to be referred this year (the other is Lonrho's offer for SUITS). Both parties to the agreed offer said the move came as a complete surprise. The market reacted by marking J-R's shares down 29p to 105p.

Hepworth has not yet decided if it will fight its case through the Monopolies Commission. There could be a number of deterrents to doing so, not least the five months before the Commission has to report.

While Hepworth and J-R individually control technical monopolies in their respective products—J-R is said to have some 65 per cent of the decorative tile market in the UK, and Hepworth accounts for almost all the vitrified clay pipe market—the products do not overlap.

The Office of Fair Trading is believed to be concerned that the concentration of the two companies would create a group with a strong position in supplying clay-based products to the construction industry.

Other matters to be investigated include the possibility that the merger could intensify the existing tendency in the construction industry towards restrictive trade practices.

The decorative tile market itself operates such a practice, though this was officially cleared in 1964.

Finally—and this is regarded as a major deterrent for Hepworth—the referral is likely to bring under scrutiny Hepworth's existing businesses.

Apart from its control of the clay pipe market it also has a dominant position in industrial sands, refractories and foundry resins.

Hepworth has never been referred to either the Prices or Monopolies Commissioners. It claims that a merger with J-R would result in wider export markets and significantly beneficial exchanges of clay technology which would strengthen the group's international competitiveness.

William Press tax probe costs 'not above £2m'

FINANCIAL TIMES REPORTER

WILLIAM PRESS, the engineering group raided by Inland Revenue investigators in March, said yesterday costs arising as a result of the investigation would not exceed £2m.

In a note attached to the preliminary profit figures, the company said that to the best of its knowledge the investigation relates mainly to the past use of certain "labour only" sub-contractors.

"The directors are naturally most concerned about the Revenue inquiry and do not wish to underestimate the seriousness of the situation," the company said.

"However, it is in their view that if ultimately there were found to be any taxation liabilities, which are not admitted, then such liabilities would not be unduly material in relation to the company's funds."

The directors added that no provision was made in last year's figures for any costs that may arise, but "if a prudent view were to be taken, the overall cost to the company would be unlikely to exceed the sum of £2m.

Mr. A. J. Gravellus, financial director, said yesterday that, while the company was not admitting anything, it had been under pressure to identify all the costs that might arise as a result of the investigation.

"We attempted to do a form of calculations that would include all the costs, including any penalties that might arise, and we got a range of figures beginning at zero. The £2m is the figure that overall costs are unlikely to exceed."

The tax authorities made their swoop on March 6 and were acting under rarely used powers granted by the Finance Act of 1976. They had first obtained search warrants from judges of the Central Criminal Court in London and the Sheriff's Court in Paisley, Scotland.

The company's preliminary figures show a group profit after taxation of £4.56m, up 33.7 per cent on the previous year despite a £1.6m loss by a subsidiary, James Scott (Electrical Transmission). The loss resulted mainly from a contract in Iran.

Results, Page 22

Information on black employees sought

BY MARTIN DICKSON

BRITISH companies with subsidiaries in South Africa are being asked to provide the UK Government with information about their industrial relations practices and wage rates for black employees under a White Paper published yesterday.

The White Paper is a sequel to the Code of Conduct for companies with interests in South Africa, adopted by the EEC last September.

The British document, being circulated to company chairmen with a letter from Mr. Edmund Dell, the Trade Secretary, spels out the EEC code and gives explanatory guidance on how the broad principles could be implemented.

It lso asks companies to provide the Government annually with detailed information about a wide range of employment practices, including collective bargaining with trade unions and other organisations, migrant labour, wage rates, black job advancement, fringe benefits and desegration at places of work.

A precise formula is laid down for the provision of this information and companies are asked to submit their first report, covering the year to June 30, not later than the end of September.

Both adoption of the EEC code and company reports on its implementation will be voluntary.

The White Paper replaces a purely British code of conduct introduced in 1974, under which far less information was required from companies and no clear formula was laid down for these reports.

Mr. Dell told Parliament last December that the absence of standardisation in past replies had made analysis of corporate performance "almost impossible."

The EEC code also goes significantly beyond the old British code in laying particular emphasis on collective bargaining machinery for blacks and the development of trade unions.

The White Paper emphasises that British subsidiaries should not break South African law. While black trade unions are frowned on by the Pretoria Government, they are not illegal.

The British document, drawn up after talks with the Confederation of British Industry and the Trades Union Congress, says that the EEC code does not ask companies to "promote, set up or do the jobs of trade unions."

But companies should ensure that all employees are allowed to choose freely the type of organisation to represent them.

However, Sir George Burton, chairman of the CBI's Southern Africa steering group, said yesterday that the CBI had made clear that "an implant of trade unionism as known in Britain will not work to the advantage of black employees, nor is it in the interests of the South African industrial scene for it to be extended in this way."

But he believed most members would find no difficulty in subscribing to the main provisions of the EEC code.

Britain attracts offices of multinationals

BY JAMES BARTHOLOMEW

BRITAIN HAS attracted more regional offices of multinational companies than any other European country, according to a report today in the official magazine Trade and Industry.

The report, by Professor John Dunning of Reading University, comes a day after Mr. James Cleminson, chairman of Reckitt and Colman, the consumer products group, said that high rates of personal taxation made it "inevitable that international companies such as ours will cease to be managed in the UK."

Mr. Cleminson told shareholders at yesterday's annual meeting: "For reasons of taxation in this country it is extremely difficult to persuade successful people to return for any lengthy period of time from those areas of the world in which they obtain much greater material benefits."

But according to the Trade and Industry report, London compares "very well" with other centres. The language, culture and commercial legal system are all in its favour. American and Japanese executives "find UK housing, educational and general living conditions both familiar and to the liking of their families." London is also said to have "an excellent reputation for telecommunications and transport facilities."

The report claims that in 1976 the UK led Europe with 124 regional headquarters compared with 104 for Switzerland, 94 for Germany and 82 for Belgium. As for the capitals, London with 85, beat Brussels with 75 and Dusseldorf with 54.

However the report does agree with Mr. Cleminson in saying that the main complaints about London "focus on personal taxation and, in recent months, rising rents in central London." Competition to attract the offices is hotting up, not only from within Europe but from further afield, it claims.

Princess sees new stamps

NEW stamps featuring four horses were disclosed yesterday by Princess Anne.

The Princess, Olympic rider and former European three-day event champion, was opening an exhibition at the Tate Gallery, London.

Continued from Page 1

Liberals withdraw from pact

claiming to end the pact while in reality continuing it till October.

Mrs Margaret Thatcher is as implacably opposed as ever to the introduction of PR

In a statement Mr. Steel said Liberal MPs, after considering whether to seek to extend the agreement into a third session, saw no long-term basis for doing so, and accordingly the agreement would lapse at the end of the session.

He said that the agreement had achieved the main objective of economic recovery, and provided the political stability against the background of which the Government could pursue its counter-inflation policy.

The Prime Minister said that the arrangement with the Liberals had generally worked well, and he welcomed the intention of the Liberal Party to continue the present close consultation and co-operation until the legislative programme for the session was completed.

"As to the future, the Cabinet will consider the arrangements for the next and final session of the present Parliament during the early autumn.

"The Government is determined to follow these same policies that have brought the country to the present stage of economic recovery . . . there will be no let-up in the battle against inflation, and the Government will take any steps it believes necessary to ensure this."

Weather

UK TODAY

CLOUDY, but sunny intervals developing.

London, S. and N. England, Midlands, Channel Isles, E. Anglia

Dry, sunn intervals. Max. 18C-19C (64F-66F).

Wales, Lake District, Isle of Man, S.W. Scotland, Argyll, N. Ireland

Cloudy with drizzle, becoming brighter. Max. 15C-16C (59F-61F).

Aberdeen, Glasgow, Moray Firth areas, Highlands

Dry, cloudy, becoming brighter. Max. 15C (59F).

Orkney, Shetland, N.E. and N.W. Scotland

Cloudy with rain. Max. 12C-13C (54F-55F).

Outlook: Dry, warm and sunny in most places but cooler in some E. coast districts.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexandria	S	29	84	Luxemb'g	C	10	50
Amsterdm	Dr	9	48	Madrid	F	17	63
Athens	S	26	79	Manchstr	S	15	59
Bahrain	S	32	90	Melbourne	C	15	59
Barcelona	F	19	66	Milan	F	20	68
Beirut	S	26	79	Montreal	S	23	74
Belfast	C	12	54	Moscow	R	17	63
Belgrade	R	21	70	Munich	C	11	52
Berlin	S	20	68	Newcastle	S	18	64
Bristol	S	17	63	N. York	R	16	61
Birmghm	S	16	61	Oslo	C	13	55
Brussels	C	10	50	Paris	C	10	50
Budapest	C	18	64	Perth	S	19	66
B. Aires	C	11	52	Prague	F	20	68
Cairo	S	38	100	Reykjavik	F	8	46
Cardiff	S	15	59	Rio de J'o	S	25	77
Chicago	S	22	72	Rome	F	19	66
Cologne	C	12	54	Singapore	S	31	88
Copenhagn	S	21	70	Stockholm	S	18	64
Dublin	C	13	55	Strasbrg	Dr	12	54
Edinburgh	C	18	64	Sydney	C	17	63
Frankfurt	C	15	59	Tehran	S	31	88
Geneva	C	14	57	Tel Aviv	S	25	77
Glasgow	C	15	59	Tokyo	C	24	75
Helsinki	S	20	68	Toronto	C	22	72
H. Kong	C	25	77	Vienna	S	17	63
Jo'burg	S	25	77	Warsaw	F	18	64
Lisbon	S	20	68	Zurich	C	13	55
London	S	16	61				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	19	66	Las Plms	F	20	68
Algiers	C	19	66	Locarno	C	17	63
Biarritz	F	16	61	Luxor	S	42	108
Blackpool	C	14	57	Majorca	R	21	70
Bordeaux	C	16	61	Malaga	S	19	66
Boulogne	C	10	50	Malta	S	22	72
Casablnca	F	19	66	Nairobi	S	23	73
Cape Tn.	C	16	61	Naples	S	20	68
Corfu	F	23	73	Nice	S	19	66
Dubrovnik	F	19	66	Nicosia	S	26	79
Faro	S	20	68	Oporto	S	21	70
Funchal	C	18	64	Rhodes	S	25	77
Gibraltar	S	18	64	Salzburg	C	14	57
Guernsey	F	13	55	Tangier	F	18	64
Innsbruck	C	17	63	Tenerife	C	13	55
Inverness	C	17	63	Tunis	F	24	75
Is. of Man	C	13	55	Valencia	F	29	84
Istanbul	S	23	73	Venice	F	20	68
Jersey	F	13	55				

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